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ABSTRACT

This document is a transcript of an oversight hearing on the Job Training Partnership Act (JTPA). This session, the second in a series designed by the House Subcommittee on Employment Opportunities to evaluate the program, focuses on the local and state implementation of the act. Testimony was heard from various representatives of organizations working with JTPA in California. Testimony was also heard from Bill Greene, State Senator from California, among others. Fiscal and management issues were discussed, and suggestions for program improvement were made. Appended are extensive supporting documents and prepared statements of those testifying along with the full text of JTPA--Public Law 97-300. (CG)

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OVERSIGHT HEARING ON THE JOB TRAINING PARTNERSHIP ACT

(Part 2)

ED269512

HEARING

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

HEARING HELD IN MONTEBELLO, CA, JUNE 28, 1985

Serial No. 99-16

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OVERSIGHT HEARING ON JOB TRAINING PARTNERSHIP ACT

Part 2

FRIDAY, JUNE 28, 1985

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Montebello, CA.

The subcommittee met, pursuant to notice, at 9:35 a.m., in the city council room, Montebello City Hall, Montebello, CA, Hon. Matthew G. Martinez presiding.

Members present: Representatives Martinez and Hayes.

Staff present: Eric Jensen, acting staff director; Genevieve Galbreath, chief clerk/staff assistant; and Dr. Beth Buehlmann, Republican staff director for education.

Mr. **Martinez.** This is the meeting of the Subcommittee on Employment Opportunities, which has oversight over the JTPA Program. The purpose of this meeting is to find out from those people who are actually involved in the implementation of JTPA just how the program is working and what we can do in ways of improving the program.

Through this testimony we'll hopefully find some of the answers to the questions that have been asked at other hearings, and which probably will be raised here again today. I'm pleased to welcome all of you to this subcommittee meeting. It's the second oversight hearing on the Job Training Partnership Act this year.

This morning's hearing will focus on the local and State-level implementation of the act, and we are fortunate to have with us some State and local officials from throughout the State of California. These people have had a direct involvement with the program's implementation and know first hand of its problems and success.

The concerns of today's witnesses will help us, those of us on the subcommittee and those of us in Congress, in determining the progress of JTPA. As chairman of the subcommittee, I'm extremely concerned that our Nation's economically disadvantaged workers receive the resources necessary to compete in today's labor market.

In the past 2 years, thousands of individuals have been placed in unsubsidized employment as a result of this act. Of this number, 90 percent were economically disadvantaged. Here in my district, where Hispanic unemployment is more than 50 percent higher than the national average, and where the Hispanic dropout rate has surpassed 50 percent, the services offered under JTPA cannot be underscored.

In the face of the threatened budget cuts in Job Training Programs, an effective implementation of JTPA has become increasingly more important. Currently only a very small percentage of those eligible for the program are being served.

It is necessary that we in Congress continue to monitor the progress of JTPA in order that the Act's mandate of serving our Nation's unemployed is fulfilled. As a former State assemblyman and mayor of Monterey Park, I am aware of the vital role which you on the local and State level play in the implementation of the program.

We look forward to hearing your testimonies which will help us evaluate JTPA's progress in assisting those most in need gain unsubsidized employment.

We have today with us the very honorable Senator Bill Greene, a very good friend of mine. After I left the State Assembly I had five bills pending in the Senate, Bill presented the bills on the floor and got them out for me.

I thank him for that effort because those were important bills. [Discussion off the record.]

Mr. **Martinez**. All right, Bill. I want to ask that immediately following your testimony that you join us up here on the panel.

Senator **Greene**. Thank you. I appreciate that.

Mr. **Martinez**. With that, why don't you proceed?

STATEMENT OF STATE SENATOR (CALIFORNIA) BILL GREENE

Senator **Greene**. Congressman—Mr. Chairman, let me thank you very much. It's a distinct privilege to be here, and particularly appearing before the committee which is chaired by yourself, and as you say we made history, and it was exactly 46 days after you had been a Member of Congress that I—well, I guess you got it in your first paycheck.

Mr. **Martinez**. Yes.

Senator **Greene** [continuing]. That the Governor signed your bill, and it was a distinct honor, and one time I thought I ought to take your name off and put my name on these bills, but then I decided not to harm—I will tell you this: I did brag about it in my newsletter to my district, so—and Congressman Hayes, let me welcome you also to California.

I really feel a very closeness to this body, because my Congressman formerly held the seat that you now hold. He is now Chair of the parent committee, and I might also say that you and I came into politics with Congressman Dymally, and I guess I would have to say Dymally and now State Treasurer Unruh are responsible for my political being.

I've always patterned myself or attempted to pattern myself after Congressman Hawkins, after Gus. In fact, it's because of that and my own feeling, and of course the district that I represent that I focus most of my legislative work into this area.

And not only do I feel close to this law, where one section of the law was borrowed from our State law, but I also was involved many years ago in—I guess it's the very opposite, in some of the—

well, when we first started talking about full employment, at that time I was a staff person.

And Gus Hawkins had not yet gone to Congress. He was running for Congress, and we used to sit around at night and talk about the rights that accrued to individuals, and all of a sudden we hit on the idea, you know, having a job for anyone that follows the system, for anyone that takes the route that the system outlines, and after you go through that cycle you then have a right or an opportunity for gainful employment.

And of course that culminated in the Full Employment Act, and you know, it's really a coincidence how you can see the peripheral history, because full employment figure was first introduced in Washington by former President Harry S Truman, and I was born and raised in Kansas City, MO.

So you know, I see a lot of parallels running throughout this entire series of events, and I really feel very close to the thinking of this body, and of course the membership and the leadership of it.

Let me start by saying that my remarks here for the record will be from my posture as chairman of the Senate Committee on Industrial Relations, which I chaired since 1977. I went to the Senate in 1975, replacing Mervyn Dymally.

In 1977, I was made chairman of the Senate Committee on Industrial Relations. The following year, and all of this will tie together, I was on the Finance Committee when I first went to the Senate. I then was made chairman of one of the subcommittees of what at that time was the Senate Finance Committee.

We are now the Senate Committee on Budget and Fiscal Review, and that is something that I'm also proud of, because my Industrial Relations Committee was the first policy committee in the Senate to be authorized to do continual and ongoing oversight.

That authorization not only coming from the Democratic body, but with the concurrence of my Republican members as well, we then developed that idea to some degree and that now is the practice of the Finance Committee, and I also am proud that I contributed something to that transition because it's something that we need.

And we're now split into a Committee on Appropriations, which handles new funding, and then the subcommittees, which have the budget, handle the budget, or Budget and Fiscal Review, and that includes ongoing and continual oversight.

Let me say that in my posture as a subcommittee chairman I make the decisions in the Senate on $8 billion, $8.1 billion in fact, of the State's budget, this year $35.2 billion. One of my areas of charge is industrial relations, which includes all training programs, all jobs programs, even such as unemployment compensation, workmen's compensation.

And my remarks here today are from that posture as a chairman of a Policy Committee and chairman of a Budget and Fiscal Review Committee, and will be from that posture, observations that we have made up to this point, and what our hopes are and what we think we see, and obviously dealing with things that even the legislature might do and hopefully maybe some hints to you.

Let me say firstly that for many of the people in the audience, I think many of my remarks will be the first time they heard them.

We understand from our research that there's quite a bit of discussion about us up and down State for various reasons.

And I think that maybe my remarks will be informative, if not educational to some of the persons here. We at this time are not able to comment at all on how the Job Training Partnership Act is working at the local levels.

We have not had opportunity to get into that. We have not had opportunity to extend our oversight into that, so my remarks will be limited only to that research and what we're able to glean from the State perspective. However, let me indicate that our interim study activity when we break in September will be to initiate our first oversight into what is happening in the SDA's, and what is happening with the local PIC's.

So in view of the fact that we are not educated and equipped to comment on that, we hear some good reports, we hear some mixed reports and we hear some reports that have puzzled us, but I would not dare mention them because we had not looked into them ourselves and therefore are not qualified to comment on them.

Here in California we're unique. We have succeeded in establishing a foundation in this area which fortunately—well, it isn't by mistake. As I said, Gus Hawkins, my Congressman, and I have been well tuned in for years to his thinking, and fortunately my thinking has gone along the same lines, we have in addition to just on our books work-sharing, employment training panel.

We had, and we expect to return in some fashion, the California Work-Study Education and Training Act. In fact, JTPA and the direction of JTPA offers an opportunity to pull that in.

Work-sharing on our books has tended to hold those people who are in the work force, who are in industries that are facing downturns where the reductions in work forces or what have you has tended to hold those individuals on the job, to hold them in their job capacities, to provide our employment community which has an experienced work force which is not very hard to be retrained at the next time that the economy turns up.

So that is one category of policy that we have on the books. We additionally have what is known as the employment training panel. I might stipulate that we're very proud here in California, and I might say I'm the author of that bill, is we are the first in the Nation to take UI, unemployment compensation, funding and fold that back over into the system, fold those dollars back over into the system.

It is not necessary to utilize any general funding in this regard except for the administration of the employment development department, which administers that program. It's not necessary for us to utilize any Federal funding for this.

Work-sharing stands on its own, and additionally training can be incorporated in that. To that degree it provides an interlock with the Job Training Partnership Act. Additionally, we have on our books here in the—we put that on the books in 1978 here in California. In addition to that, we have the employment training panel. The employment training panel does identically the same thing.

We take those UI dollars and we fold them back into the system. Employment training panel funding, employment training panel programs are only for those persons who are just fresh out of the work force. They've had some acquaintance, they've had some longevity, they've had some earnings in the work force.

That is to qualify for UI funding, rather than those people having to compete out in the general system of training, rather for those people to have to compete with new entrants. We have a closed-loop system which provides training for those individuals.

That also can be interfaced with the Job Training and Partnership Act, specifically as it relates to the section which relates to dislocated workers. For economic disadvantaged it would not work. It's not intended to work there, because those persons in the main are where they have had some earnings in the work force where they have earned some UI credits, so obviously, to that degree there's an interlock.

But if they are new entrants into the work force, if they are welfare recipients, if they're just out of school, if they're new here in the State we have no link up for them under the employment training panel, and obviously they would have to go the Job Training Partnership Act route.

Additionally, here in California and temporarily off the books only, although the authorization is there, the California Work-Study Education and Training Act, and that is where the employers can upgrade these skills of their employees while they are still employed by the employer.

I'm proud and happy to say that in the initial buildup in Silicon Valley and the San Jose-Santa Clara area the statistics showed that close to 32 percent of the training, and specifically that which was provided by employers interfacing with community colleges or employers getting the community colleges to do the training in their stead, that was financed under the California Work-Study Education and Training Act.

Obviously here in California we also have what is known as FESA. I know you're going to hear a great deal about FESA. There is confusion up and down the State as to the meaning of FESA. Let me indicate to you very simply and very succinctly, FESA stands for the Family Economic Security Act.

This piece of legislation was offered by my then counterpart in the—you know him, Bill Lockyer. That was before Bill came over to the Senate, and when he chaired the assembly labor committee.

The idea of FESA, I might stipulate also, which was drafted, and we moved it through in tandem, with your enactment of the Job Training Partnership Act. In fact, my staff, since the Lockyer was on the phone almost daily with Congressman Hawkins' office, with Senator Orrin Hatch's office, as we developed that.

In fact, the last-minute language changes were made in the Family Economic Security Act, I think, on the Senate side, and I think no more than 8 or 9 days before you took your final floor action on the final markup of the Job Training Partnership Act.

And our intent here, and what our scheme was, and what our foundation was, was to put more direct provisions into the law as relates to aid to families with dependent children, as relates to persons who are—have been or are on welfare who would be going into the Job Training Partnership Act.

In fact, in that legislation we also enlarged the coordinating council, for example, to bring in additional membership, drafted to interface in all provisions with the Job Training Partnership Act, but as we do in many areas of law, for example, as we do in worker health and safety, we had requirements in the State law which will be beyond the Federal requirements.

That is our underpinning for job training here in the State of California, all of it interlocking with the Job Training Partnership Act. Now, here in California let me say, very frankly, that in our humble opinion we have not yet come to bat.

There are many reasons for it. I might even stipulate even the legislature is equally at fault. For example, our membership, our involvement with the council is not nearly what I'm certain you intended in Washington. It certainly isn't what any of us intended here in California.

I might stipulate, and this will be news to some of the people in our audience, that we're going to rectify that to some degree here in California because Governor Deukmejian received day before yesterday notice from the senate rules committee that I was to replace Senator Lockyer on the State job coordinating council and I will be assuming that position.

And I would assure you that from this point on there will be greater involvement on the part of the State legislature and everybody, and we will be bringing everything that we carry with us from the Senate and from the legislature into providing assistance to that body.

Certain areas I want to touch on: I want to talk about funding partners, I want to talk about performance contracting and I want to talk about creaming. At the present time the Governor's allocating the 78 percent funding of title II to the service delivery areas, and this of course is mandated by section 202(a), to recognize the comparative levels of unemployment and the number of economically disadvantaged among the various SDA's within the State.

We noticed well along, and I think I can say this without having detailed research as to what is happening in all of the communities, and the record varies, there is a reluctance, and we saw it when the law was being directed, to fold welfare recipients into the program.

In Sacramento, when we were initially directing the language there was outright resistance to it, and the resistance would have been greater, there would have been no mention at all had it not been for the fact that we finally had to say to everyone:

> Fine, if you are going to pressure the legislature to do that we will make it public and we will embarrass you on it, because how are you going to tell the government "Put the welfare recipients to work, and then when we have the training apparatus, which is being developed by the Federal Government and by the State Government and the parties—we are going to be a party to that, we're going to be responsible for it, for the persons who are going to be sitting at the local level—do not want to touch these persons."

It's another reason to have FESA. It's another reason we need FESA, and many think it's another reason we need to strengthen FESA.

Now, in a State as large and as diversified as California there are sevoral distinct regional economies with varying degrees of economic opportunity for both employer and employees, and I'm going to finish up in just a minute, because I know you're on a tight schedule.

For example, in areas such as Orange County there's a low level of unemployment and a high, very high level of economic opportunity. There are jobs going wanting out there, not wanting because of bodies, because they require varying degrees of skill level now.

So you couldn't just walk anyone in, but of course if you have the people who have the skill levels who are required—which are required in those jobs, there are jobs there. We find the same thing, for example, in San Diego County where they're undergoing tremendous growth, where there is tremendous new movement from other sections of the State, as well as from out of the State.

So you have low unemployment, high economic opportunity. In the northern region of the State, there's a high level of unemployment, and a great need but a low level of present and possible future economic activity. The timber industry, for example, we witness funding being made to programs in those areas.

No place to employ them. They would have to go 80 miles before we get into a section of the State, even northern reaches of the State, where it's reasonable to expect that they would be able to compete. Even, I think, Marty, as you will remember, when we were thinking before you left the State legislature of how we could link transportation up with that.

That would not satisfy the State, and that's why I say, and I'm certain that with our having these varying patterns in California I'm certain that there are other States that have that, so, No. 1, I would hope and I would appeal to you that at the Federal level, you look at the fixed stringent funding level—some manner of variance, some factors that would provide the opportunity to balance up economic opportunity with folks who could be trained and would have either the level of unemployment versus the opportunity, and vice versa there.

And I don't imagine that that is going to be the same in any area forever. I think if we're looking at it realistically and if we're looking at the kind of industries that are going to be the growth industries, not only here in California but nationwide, we probably need to have a great deal of flexibility in that regard.

And at one period in time we're looking at one picture, at another period in time we will be looking at another. All right, performance contracting. We heard a lot about it. We had people say that the law was—the ink was not dry on the law yet, and people were contacting us and saying well, they wanted to change it.

It's too stringent. I said—I reminded the people, I said "You know, we just came through a period of poverty programs. We came through a period of CETA and what have you. I think we all know the only thing that really, the thing that really caused the negative attitude in relation to CETA is that we had people that we were paying to train people, and you know, there were no jobs there."

So the people that made money were the middle people. We paid out the money, government paid out the money, the taxpayer paid for it and there were no jobs. So I have indicated to people that yes, we are already in new economic times, and that liberals as well as anyone else, and of course we know that we all look at dollars the same, regardless of what your party and your philosophy might be.

And when people learn how to utilize dollars intelligently, philosophy has nothing to do with it, and I just told them. I said the day of our not getting at a minimum 55 cents for every dollar is gone, and we are doing well when we only get 55 cents.

Now, I'm not naive enough, and I know of no economic times in this Nation when a person has really gotten 100 percent on the dollar, not even in some of the best investments because you always have to pay the broker and the middle folks and what have you.

So you really do not accrue 100 percent, but this is something that you're going to hear a great deal about. I know you're going to be banged on in Washington on it. We're being banged on it here. We have no intention of giving, and I might stipulate that we have the support of the business community and labor and the Governor in that regard.

But I think part of the story that we have to take to the people, and I really think we have a selling job, because for example, when I outlined the foundation that we already have established here in California, and much of it put together in tandem with the Job Training Partnership Act, we have—Bill Greene hasn't, the California Legislature hasn't, we haven't really done the kind of selling job that you should do.

So this is not a comment I make about other people which does not apply to us as well. I could plead that we were so busy trying to get ahold on things and trying to shape things and trying to change and formulate something that made sense, but in the final analysis that is no excuse.

And I bear responsibility for that, and will state on this record and publicly that there has been a change.

I believe, and this of course is not to criticize the Congress, because the leadership there could be no greater than that that we have now. But I think the need to indicate to the public—we made some revolutionary changes.

Many people, you know, we mouth it but no one out there repeats it. They do not realize that the change which has happened in public policy, in the foundation which has been built in public law relating to employment and training is revolutionary in the United States.

But it's our fault that they don't know about it. For example, it's our fault that we don't talk about full employment any more. So we have to build into our public expressions more of that. I think we have to seek out the scholars, I think we have to seek out the editorial writers.

I don't think we are going to get very much from reporters, because they just don't dig in depth enough to be able to tell the story, but we do need to go to the editorial pages. We do need to get the networks so that this story can be told.

But suggesting that performance contracting rules to some degrees be modified, I would caution you, please, please examine that very thoroughly, because our test is what do we get? In fact, I would argue that the economic and competitive challenge which not only California but this entire Nation is facing, we cannot afford it.

We are sending ourselves down the tubes if we do it. Anyone that wants that is not concerned and is oblivious of our economic need in this Nation for that. It's no longer a luxury. It's no longer a program that we're just going to have for people.

We need it for our survival. We need it because of the competition. We need it because of the shifts that are taking place in the economy that we're just now beginning to understand. We need it because we are very much a part of an interdependent, international economy.

And that is the name of the ballgame forever, and what anyone thinks about it, it isn't going to change, whether it's labor, whether it's management, whether it's politicians, whether it's the clergy, whether it's—it's not going to change. All right?

For those kinds of reasons, we cannot afford it. We will be harming our economic survival, we will be harming our posture and our ability to compete if we back up on that and then it doesn't make sense anyway. How do you pay for something you don't get?

Of course, now we know that we never intended that in the first place in other areas where it came up, but this time we cannot give on that one moment.

Now, on training. By way of comments that suggest that the Job Training Partnership Act could result in a creaming process whereby the more disadvantaged are passed over in favor of those who are handicapped, in California as I pointed out with the kind of base here, that is not possible.

Persons who have not unless—the SDA's and the PIC's are not doing their jobs. You see, there's no reason for the PIC's and the SDA's, unless—well, I don't want to say that too blanketly, because there should be interrelationship, there should be contracting and what have you that is intended, that is desirable, that is wanted.

But there is no reason in California for anyone who has UI earnings to be in any program which is federally funded only, because we have our UI funds posted to take care of that. Now, if we get into a regression again where—then, of course, we're going to have what we have. We're going to get into the category where we have a displaced worker instead of talking about a different kind of thing.

The bottom line, and this will touch on my written remarks, and I really have skated all over them and haven't gotten down to any of the intellectual side of it, but I'll let the folks read that

Mr. **Martinez**. We'll select those for the readers.

Senator **Greene**. Yes. Right.

In past times, we were concerned with equity, we were concerned with equal opportunity, we were concerned with minorities, we were concerned with women, we were concerned with the handicapped getting an opportunity, having a full opportunity for training and thereby for job placement, thereby for gainful employment.

With the economic changes that have taken place, with black soldiers, with the—well, I might say internationalization of steel, with autos and all the other things that we've had, with the vast changes that have happened in the rural economy, which has surely affected our heterogeneous foundation here in California, we now need to be concerned with providing people to fill the jobs that are going to be necessary as we begin to meet our competition. From the day, I guess in 1977, 1978, in which productivity was forced to become the watchword, we made the shift.

We have a body of law with the Job Training and Partnership Act, and fortunately here in California are accompanying and complementing laws to meet that, but the message must be carried that not only is equity the hallmark, but the survival of this economy, the ability of people from all segments. we can no longer afford to have that high population of people—I don't know who they are or whatever the reasons might be, we can no longer afford to have that.

We need more play. We need more flexibility in the full range of work force, so that there can be interchangeability, because the thing that I think anyone who is even a brandnew student of economics sees is that from now on we will have no more of a Bill Greene finishing high school in Los Angeles—I'm not from Los Angeles, I finished high school.

But using myself as an example, and going into a plant with the idea that I'm going to be there all my life. That is not going to happen to me anymore. We know that. And it's not going to happen because of economic changes that have already taken place and are going to take place to a greater extent much faster.

In fact, I'm going to have to be trained across an interchangeable field, and we know that, and that is true of people that are disadvantaged, regardless of what their color is, and in spite of what their educational level is.

With that, I'm finished. Thank you.

[Prepared statement of Senator Greene follows:]

PREPARED STATEMENT OF HON. BILL GREENE, STATE SENATOR, CALIFORNIA

Prior to the enactment of the Job Training Partnership Act the basic function of employment training programs was to prepare the unskilled, both youth and adults, for entry into the labor force. In addition, job training was provided to the economically disadvantaged and others facing serious barriers to employment so that they too could have an opportunity to secure productive employment. The primary goal of U.S. manpower policy during that time was primarily one of equity.

As early as 1973, economists, such as John Kendrick, began to comment on the decline of U.S. productivity. The principal reason for their concern over the decline in productivity was that society's needs could be more easily met with an expansion in the GNP and the resultant increase in government revenues.

By 1979, California began to experience the same plant closure phenomenon as had been happening in both the North East and North Central states. California's auto, steel, and rubber industries were devastated as a result of foreign imports, first from Japan, and then later from South Korea, Taiwan, Hong Kong, Singapore, Mexico, and Brazil. Predictably, the economic threat from these newly industrializing third world nations drew a sharp response. U.S. domestic steel producers filed unfair-trade-practices complaints. The auto industry sought import quotas or higher tariffs, while other affected industries, from textiles to petrochemicals, clamored for some sort of protection.

A totally different approach to the problem of foreign competition was advanced by economists. They felt that a reverse of the ongoing decline in productivity would offset the relatively higher U.S. labor costs. The end result of such a shift would be that the U.S. would become more competitive in international markets. In 1984, the U.S. economy suffered a record trade deficit of 123.3 billion dollars. This deficit cost our economy two to three percent of its gross national product. In the present year, according to Citibank, the trade deficit could rise to a staggering 152 billion dollars. The Christian Science Monitor quoted Fred Bergsten, the Director of the Institute for International Economics, that for every billion dollars increase in the trade deficit, the U.S. economy loses 25,000 jobs. Between 1980 and 1984, the U.S. lost in excess of two million jobs due to this trade imbalance.

The purpose of training as defined in the Job Training Partnership Act incorporates not only the earlier goal of Equity, but also recognizes the need to upgrade the skills of the existing work force, as the private sector increases its investment in technological change in its pursuit to regain its lost competitive edge. From my point of view, manpower policy today, as expressed in Job Training Partnership Act, challenges us not only to train people irrespective of their social and economic origin, but also to provide the appropriate skill training for existing jobs openings, now and in the immediate future.

Section 106 of the act relating to performance standards mandates that employment training be an investment in the economy; therefore it is essential that the basic returns on investment be measured by the increased employment and earnings of the participants and the reduction in their dependency on welfare.

No longer may human capital investments be made irrespective of that investment's impact on the economy.

The California Family Economic Security Act of 1982 provided a state legislative vehicle for implementing the federal Job Training Partnership Act. The purpose of this act was not to duplicate the federal legislation at the state level, but rather, to the extent possible permitted by federal law, to establish a state policy, and the administrative structure for operating the JTPA program within California. The composition of the California State Job Training Coordinating Council as defined in the Family Employment Security Act consists of 32 members—eleven members representing the private sector, seven state representatives, seven local officials, and seven others representing public/private organizations such as veterans, labor, older Americans, local vocational educational organizations serving youth, community based organizations, proprietary schools, and training participants.

It is my feeling that in order to achieve a desired basic shift in training policy as expressed in the Job Training Partnership Act from one of equity to one that provides equal opportunity while at the same time servicing the needs of the economy, it is absolutely critical that the private sector representatives on the council—the largest single block on the council—be able to assume a leadership position. Ross Alloway, acting chairman of the council and Dean Smith the council's executive director recently testified before the California state Senate Finance Subcommittee #3, which I chair, that the most difficult and continuing task which the council has faced since its inception has been the problem of coordination.

Is it any wonder then that if the council is not dominated by the private sector, the goal of relating in an equitable fashion job training to the needs of the economy will revert back to the previous policy of viewing employment training simply as an equity problem.

One of the weaknesses of the JTPA legislation as I see it is that it assumes that significant private sector representation on the council will automatically result in private sector leadership of the council. This leadership to my way of thinking can only be achieved if the private sector members are able to pursue their responsibilities as a full-time commitment, and this can occur only if the private sector in the aggregate fully supports both ideologically and financially the private sector members on the council.

Mr. Martinez. Well, I have to tell you that that was outstanding testimony, excellent. I had prepared some questions, but you answered them in your testimony.

Senator Greene. Thanks for coaching me in the back. [Laughter.]

Mr. Martinez. A lot of the things that you say are things that we have to make more people aware of, especially those who are in a position to write the legislation, to write the regulations, to implement those things on the local level.

And I——

Senator Greene. We're in good shape here. We're in good shape here, and, you know, I'm not saying that there aren't some things that need to be tidyed up. Of course, I think people need to know that there's no law that's put on the books that doesn't need to be changed, altered, at some point in time, because—by virtue of the fact that circumstances change.

Obviously you have to make changes on them. But we have a foundation. We have a foundation which is intelligent, and we have a foundation which can meet the challenge of the future.

Mr. **Martinez.** As enthused as I was about this legislation when it came before us, and this was one of the very first things that I was involved in when I went to Washington, I knew there would be changes, and I knew we would have to implement something to be able to get to that point where we could make those changes.

Let me——

Senator **Greene.** Let me mention one other thing. You know, it's a funny thing when you say that. You know, I would have voted for the Reagan Welfare Refund Act. I should have actually started talking about that, because, you know, I am in close association with the President, you know. He's an OK guy, but he's, you know—and I feel that's mutual.

But, you know, I really, you know, people need to go back and look at that. We wrote it in. I wrote it in, and you know, this direct line and what have you, and it's been deleted, and, you know, as you know, as the story goes, when Reagan ran for President the Democrats came out here, the Democratic National Committee came out and what have you.

They looked at the bill, they said, "Shoot, this is like a bill or something. We can't take it on." They said. "Why, you know, the guy that wrote it is still in the legislature," so they talked to me and they said "Well, what happened, Senator?"

I said "Well, you know, we made a good bill." Additionally, it's very strange that Reagan was involved with the Job Training Partnership Act. We've got—you know, it's really when you get balance, where maybe, you know, you really strike the true note, the true C, the true A.

And I don't know. I don't know whether it makes sense, but if you look through history you see those coincidences.

Mr. **Martinez.** Yes. You're absolutely right.

Let me take an opportunity now, because I was negligent in not doing so in the beginning, to introduce Beth Buehlmann, who is the education and labor staff director for Congressman Jeffords.

I did not introduce him, but also present is Congressman Charlie Hayes, from Chicago, IL. He made a great effort to be here today to give this hearing credence.

And normally we ask for a statement from those Members who are here, and I did not. Charlie, do you have a statement at this time?

Mr. **Hayes.** I really don't have a statement. I do have a comment of Hon. Senator Greene. I must admit your testimony was quite comprehensive, and I'm learning something this morning that I didn't know.

Senator **Greene.** I'm a student of Gus Hawkins. [Laughter.]

Mr. **Hayes.** Hawkins and I were just commenting the other day. We served together, as you know, on the Education and Labor Committee, and one or two subcommittees, that we probably represented, if not the poorest, two of the poorest districts in the whole United States in terms of income.

The things I've learned from your testimony, though, that at least California as a whole, you've sort of shaken off hard times. I can't say the same for Illinois, you know——

Senator **Greene**. No, I can't say that.

Mr. **Hayes**. All right. Well, straighten me out.

Senator **Greene**. Well, what we've done, Congressman, is we've laid the foundation in our public policy. Now we have the job of implementation. For example, many people just woke up several years ago to realize we had finally fully integrated education.

As you know, education has resisted this in the past. We finally succeeded in doing it here in California, as you finally did in the Job Training Partnership Act. What we have to do now, Congressman, is we have to make it work. We have to get the message over, we have to show the people that "Hey, you are part of this. We expect you to make a contribution. We aren't trying to tell you how to do your thing, but you have a great deal to contribute, and we've got to deliver for the people."

So we've done it on paper, Congressman, but we are not doing it in fact, and I don't want to give you that impression. For example, we're working now on the welfare reform. Welfare reform, the direction it's taking. I probably am going to end up preparing the packets.

I'll just say, we're going to throw it right into JTPA, and I fully expect that we will have people that will come to Sacramento and will not want to do that, but I'll tell you one thing, they're going to have to respond to why is it that you will refuse when you are functioning under a bill which has the first single primary purpose to train the disadvantaged? Why would you even have the audacity to think of not wishing to—welfare recipients are disadvantaged.

Mr. **Hayes**. You are conscious of the fact that as we proceed to try to reduce this huge Federal deficit, social programs that are suffering from the shorts in the beginning stand to get less from the Federal Government than they got before, and I'm sure this includes the JTPA program.

There are some instances that we run into in some testimony and places where the people are quite disappointed from the switchover from CETA to the Job Training Partnership Act, and we find instances—I don't know whether it's prevalent here in California—where particularly young people, where the employment ratio runs so high, have been denied admittance to enter the Job Training Partnership Program because of their, what is categorized as, "academic deficiencies," you know.

And this is particularly hurting to some minority people, so I don't know whether you have regulations or restrictions here in California that deny people the right to even enter into the training programs, and then the other side of that coin is even after they enter into the program, the placement on jobs is the real problem.

Of course you indicated that certain counties—a couple counties here in California—actually like it and are being filled because you don't have the people trained. This may be true in other places, but the opposite of that has been true too, where they've been trained and we haven't known where to put them in a lot of places because they were—the jobs didn't exist.

That's all.

Senator **Greene**. We have some of that here also, Congressman. I don't for 1 minute take that broad explanation of our policy structure. However, we do have some localities that are doing a pretty good job. That's why I say we have a mixed bag.

That's why I say we really haven't come to bat yet because I don't know, I cannot say definitively enough at the local level, we have looked at that. We're researchers, my group. We hire and contract with people, I guess, or in fact we're preparing now a 3-year contract with the Stanford Research International, Security Pacific Bank, UCLA econometric model, and what have you.

We have always been very heavily based in research, and I might take this opportunity to introduce my consultant, who is my economist, Dr. Vincent Munger, who is seated back there and who is the gentleman who is my economic teacher, has a Ph.D. in economics, has a labor background, has an education background, is world traveled, has studied abroad, and what have you.

And I'm fortunate enough to have an economist on the other side of the wall, so close enough that if I talk too loud in my office, he can overhear what I'm saying.

Mr. **Hayes**. Thank you, Mr. Chairman.

Mr. **Martinez**. Thank you, Mr. Hayes.

While Senator Bill Greene is coming up here to join us on the panel, I'm going to do something which I hope the minority has no objection to, and that's invite Bill Greene to question witnesses as they come forth. As a State senator who is responsible for these programs in the State, and as a member of the coordinating council, Bill is very concerned with some of the testimony being given here today.

We talked earlier about there being too many people for jobs that don't exist. One of the things that is unique about JTPA is that the training that takes place here is for jobs that do exist. I think that Senator Greene's testimony touched on the need to do a projection on job opportunities, which we can do.

We do have the capability of doing that, to determine the training needs for the future. I think that's one of the things that we have to really work hard on.

The last thing I'd like to mention before I introduce the first panel is that the President, in his State of the Union Message, said that we must provide job opportunities for our youth, and I think that he was referring to our adults as well as our youth, in order that they could know the pride of work and have confidence in their future.

That's a statement I think that every one of us can agree with, however immediately after making that statement, the administration asked for a $100 million rescission of the funds appropriated for the JPTA Title II program. This request isn't consistent at all with the statement made in the President's State of Union Address.

But regardless, Congress did not act on those rescissions, and Congress has to act on a rescission or it doesn't take place. So as a result, the $100 million has to be made available for the training process.

California's share for this coming year is $74,607,971, so hopefully we'll make a dent in some of that unemployment and those people that need that training.

At this time I would like to call the first panel, and as I call your name if you're here would you please come forward and take seats? Robert Bloom, executive director of Alameda County Private Industry Council. Robert Clark, chairman of the Los Angeles City Private Industry Council. Wesley Slade, Fresno County Private Industry Council.

Edward—and this one I'm going to have a little trouble with—Zoolalian?

Mr. ZOOLALIAN. Zoolalian.

Mr. MARTINEZ. Zoolalian. Former Monrovia city councilman, chairman of the Foothill Private Industry Council, and Bill Bruce, director of training and job development for the city of Los Angeles.

Gentlemen, your written testimony, will be entered into the record in their entirety. We would like to ask you to summarize your testimony, and to try to limit it to 5 minutes.

With that, Mr. Bloom, would you liko to proceed?

STATEMENT OF ROBERT BLOOM, EXECUTIVE DIRECTOR, ALAMEDA COUNTY PRIVATE INDUSTRY COUNCIL

Mr. BLOOM. Good morning, Mr. Chairman and members of the subcommittee.

This morning I'm here representing the Alameda County Private Industry Council in my capacity as executive director of this agency. This morning I have been asked to give an introductory overview to you of the JTPA implementation from the perspective of the local administrator, and in so doing I have chosen in my testimony to take a look back at the five original goals that were established for the Federal Jobs Training Act and to give my perspective from the local administrative view as to how those five have been implemented within the State of California.

So I'll quickly run through what my comments include in the written testimony. I have chosen to take what I call the high road today by stressing kind of an evenhanded presentation of what have been the successes as well as what have been some of the problems that we've encountered along the lines of these five initial intentions of the Federal Jobs Training Partnership Act.

First of all, we all know this was a major attempt at block granting programs to the States to increase the role of Governors, and to decrease the role of the Federal Administration in overseeing these programs.

In my estimation, this transition has taken longer than I think many have anticipated, at least in the State of California, and in that regard the State jobs training council has, I think, taken a longer period of time in developing its role to oversee the program.

The State legislature has become actively involved, as Senator Greene indicated earlier this morning, in certain legislation that accompanies the Federal Jobs Training Program, and to many's surprise the Federal withdrawal from the system came quickly, and it's been strictly adhered to, despite many requests to go back to Washington for guidance to help at the local level.

The results that have come about in this block granting, at least in California, has left us for a while here with what's been a fragmented decisionmaking process, what with roles being defined at the State level, with people still going to Washington looking for guidance, etc.

And in many ways, and unfortunately, what we've seen occur is the bureaucracy has remained, in this instance at the State level rather than at the Federal level, and in many ways I think California is fortunate insofar as most SDA's did have a CETA history, and kind of capability and stability at the local level has carried us through during this extended transition into a block grant program.

I think as well the private sector has been very patient with us all during this transition period, and has come along as a partner, and has put up with delays, with bureacracies that have been laid upon them.

Unfortunately, because the bureaucracy has maintained within the State level, I think there's a certain business as usual attitude that has been maintained in California's administration of this program, and I wonder whether the private sector will continue for much longer being so patient with that bureaucracy and not being able to implement as aggressive a business type of management of this Federal program.

The second area of the new legislation called for increased private sector involvement in this legislation. I think this is one of the strongest points of the JTPA Program, and in California we have seen only a few of our 50 service delivery areas have a continued ongoing problem with the partnership of elected officials and private sector people on the local level.

And in many instances that sharing of responsibility and power wasn't a mere having of all duties and responsibilities down the middle, but in most instances involved each partner bringing their strengths to the partnership, and working out a mutually agreeable arrangement.

In my view those few instances where there still are basic structural debates and problems and struggles going on between the elected officials and the PIC's, in many ways that should be reviewed as further evidence that the private industry council is actively involved, and they're fighting, and they're struggling, and that their role be maintained and not be superseded by the elected officials.

In my personal observation, the private industry councils—I think they are motivated on behalf of the jobseeker, on behalf of the employer and on behalf of the taxpayer, and that's not necessarily in any priority order. In many ways they're equal concerns for all three parties in the process.

The third area has to do with JTPA's system being a performance-driven system, and I think for many of us the initial results that are coming in are a bit surprising. We seem to be doing well with our numbers, at least here in California.

However, there is an immense effort going on at the local level to guide that performance. In some ways that might almost be an excessive effort in managing numbers and in managing models of performance, et cetera.

However, on the private industry council's part I think this ability to show performance is one of the most satisfactory reasons why private sector volunteers come in and participate, as well why elected officials participate, why even administrators are pleased to participate and have a hand in this program.

At this point, however, I think there are some serious questions being raised on the part of the private sector, and that is what initially was accepted as a rather straightforward set of seven performance criteria is now being replaced by a bit of skepticism as to exactly how this system operates and the degree of finite planning that needs to occur and a growing sense that you don't have quite the freedom, but there was actually a middle road that must be pursued because of the performance standards prescribing a very definite path and limiting creativity and rewarding conservatism.

The fourth area of the new legislation included that this program not be a means of income maintenance for participants, and I believe this was an area perhaps of greatest initial concern over the new legislation, and here again, however, our system is adapting to the elimination of stipends and allowances participants.

And there is evolving a system that does provide quality training, but for a newly defined population that is able to participate in training without subsistence. These results, these early results I think now are also being analyzed for the first time, at least in my experience.

I think in California's instance there has been a drop in applicants, and an increase in early dropouts occurring from these training programs, but perhaps those numbers and those rates aren't as dramatic as a lot of people anticipated earlier.

In those areas where there's low unemployment, and that includes my area, jobseekers have many options right now. There are jobs available. I think what's happening is those who either lack motivation to seriously undertake training or those people who have simple basic needs for subsistence perhaps are not being attracted into the JTPA Program right now.

The fifth and final area is that the new legislation would be spending 70 cents of every dollar on training. Once again, the system I think has adjusted to these constraints on costs. However, the limitation on administrative dollars is being seriously stretched in California, based on the insertion of new additional State requirements that replace and in some ways go further than what were the previous Federal requirements.

And unfortunately what this means is our limited administrative dollars are being drawn away from the ability to oversee the performance and oversee the quality of the services that we're being offered, and that does concern us. Supportive services for participants would appear to be available to an adequate degree.

Now, that's not the same, though, as all people that are in need are being adequately served, and in some ways we may need to look at this closer to see whether the lack of pressure at the local level upon PIC's and SDA's to increase their supportive services, to maybe go back to Congress and ask for an increase in allowable supportive services.

It may just be an indicator that those who are most in need are still unable to influence the system at the local level or at the national level. And concluding my comments, it may appear as though they're generally upbeat. I think there are a lot of good things that are occurring in the system at this point in time.

However, there are a number of points that I think we all still need to be concerned with. As Senator Greene indicated earlier, our current good economic times may be a bit misleading in terms of some of these early results that are coming in with good placement rates, good placement wages, et cetera.

And there needs to be a concern certainly that we're able today to continue to serve the hardcore unemployed, and perhaps look ahead to what will occur when the cycle turns around and we have higher unemployment area—unemployment rates in all of the Nation.

Second, there's a concern that the performance criteria not become the dominant local decisionmaking factor. There's a disconcerting trend that I've seen on my own private industry council where we come forth with our annual plans, and we actually have a computer model that we present to them on our performance.

What's happening is again, they're realizing the narrowing of their options and their ability to implement the system, and there's kind of a resignation again that there is this middle road that's prescribed, and that's about all that they may be able to undertake.

Otherwise they may deviate from the allowable performance. And then third, the early results that are coming in from national studies on JTPA are now available. From what I've been able to look at it would appear as though JTPA compares favorably with CETA in terms of the mix of people that is being served, in terms of services being offered, and a wide array of services.

This hasn't become a strictly OJT Program for businesses, and second, what were people's initial worst fears are not necessarily coming true within this program. Yet I have a concern, and I think the private sector may also, that the system is still subject to major criticism on creaming and that this program is not all things to all people, which in many ways CETA was asked to be.

And I think we should just take care that this JTPA Program is not being falsely accused on issues that the studies prove otherwise, and that they're not going to continue to be false expectations of this piece of legislation. It's a very difficult piece of legislation that requires a lot of the Private Industry Councils, the elected officials and the administrators.

So I think that should be a continuing concern as these results do come in from surveys. So based on those points, then, I'll conclude my testimony and will be available for questions.

[The prepared statement of Robert L. Bloom follows:]

PREPARED STATEMENT OF ROBERT L. BLOOM, EXECUTIVE DIRECTOR, ALAMEDA COUNTY TRAINING AND EMPLOYMENT BOARD

Mr. Chairman and Members of the Subcommittee, I am appearing before you today as a representative of local administrators for the federal Job Training Partnership Act Program.

I am Robert L. Bloom, Executive Director of the Alameda County Training and Employment Board (ACTEB), and the Alameda County Private Industry County

(PIC) located in California. I welcome this valuable opportunity to share with you a general overview of the JTPA's implementation.

In preparing for this presentation, I reviewed an original, five-point goal statement issued by the Administration at the time the new federal jobs training program was being created. Today, I would like to give an overview of the program's implementation based upon these original five goals. I would like then to conclude with some general observations on what are timely issues facing all of us.

Before beginning my comments, I wish to share with you the background that I offer. The Alameda County Training and Employment Board is a consortium that has served for 10 years as first, a CETA prime sponsor, and now a JTPA service delivery area. The area's population is approximately 850,000 with a mix of urban and suburban areas. The unemployment rate is low; a major upheaval is occurring where older, heavy industries are closing while tremendous growth is occurring in light manufacture, research, services, and hospitality industries. The SDA is actively involved in Title III programs. The PIC-elected official relationship is outstanding. In many ways the ACTEB SDA provides opportunity to train both the long-term, disadvantaged population, and those being layed off due to technological change, for new emerging growth industries.

My assessment of JTPA's success in meeting five principal goals is, of course, couched in terms of my SDA's experience, and the experience we've had here in the State of California. You will have the additional opportunity to hear more of California's experiences in later presentations today.

The first major intent of JTPA was to implement block grant funding to the States, and in so doing dramatically increase the roles of Governors and decrease the national involvement.

The transition from federal to state administration is taking longer than many anticipated. In California there were few totally new SDAs created and, in fact, the continuing local capabilities built under CETA have gone far to maintain a system while a learning process and capacity building effort occurred at the state level. California's governor has, to date, not taken a visible active role in the JTPA program and the State Job Training Coordinating Council has taken a long period of time to gain the required level of expertise in policy development. The State legislature has attempted to fill this void through its own initiatives. The federal DOL's withdrawal from its traditional policy guidance role came quickly and to the surprise of many, was firmly adhered to.

At this point there lacks an open, and productive means of coordination and cooperation between California's JTPA decision-makers and the local SDAs and PICs. The state decisionmaking is fragmented and lacking in central direction. State lawmakers and a state bureaucracy have simply replaced what was previously criticized as being a burdensome national system of administration. The capabilities, and commitment of local decisionmakers and administrations have fortunately provided the stability needed during this difficult and hurried transition of programs to the states.

I view that the business community has been rather patient with us all. The State's leadership has not reflected strong private sector guidance, as envisioned and carried out by the local PICs. The political maneuvering and the bureaucratic administration has been allowed to continue. Unfortunately, some of the most promising aspects of JTPA; namely, the private sector's involvement, is being impeded by a "business as usual" approach in State government. It is time for the private sector to voice its observations on the success of block-granting jobs training programs through the additional level of State government.

The second goal of increased private sector involvement remains one of JTPA's strongest points. Many indicators point to a strong role for PICs, active interest to participate on PICs, low turnover rates for private sector members, and greater involvement by employers in hiring JTPA's graduates. In California, there are 50 partnerships between local elected officials and Private Industry Councils. Only a very few are experiencing severe struggles in defining this unique sharing of local decisionmaking and power.

Most SDAs have worked out their partnerships to meet their unique situations. The sharing of decisionmaking power is oftentimes not a mere equal halving of all duties and responsibilities. The best relationships exist where each party brings its particular strengths to the partnership and where, on whole, both parties are comfortable that a workable relationship exists.

In my view, even those SDAs that are still struggling with major PIC-elected official disagreements, or that are seeking out new organizational structures represent a continued, heightened involvement of the private sector. These PICs are not succumbing to traditional political powers, but are actively fighting to assure JTPA's successful involvement of the private sector. This is a sign of health within the system.

Private sector volunteers have responded to a challenge laid out for them. The willingness to participate and to contribute is motivated by many interests. These volunteers wish to assist the job-seekers, the employers, and the taxpayers in no particular order but with equal interest. Small business owners and top corporate leaders are finding valuable time from their schedules to participate, to argue, and to prevail where they feel the JTPA legislation calls for their presence.

The third intention, that JTPA be a performance-driven program, is seeing surprising success. I'll leave for others the debate over the appropriateness of the seven performance criteria and issues surrounding the implementation of awards or sanctions; however, there can be no doubt that local administrators are devoting immense efforts, if not obsessive efforts, towards performance. Performance has become a conscious part of all decisionmaking for Title IIA 78% programs, and has naturally extended into the administration of all JTPA titles.

The local reaction of SDAs and PICs has been mixed. First and foremost, local decisionmakers have welcomed the opportunity to demonstrate success in serving both job seekers and employers. To many, this remains the most satisfying aspect of being a local elected official, PIC volunteer, or paid jobs training administrator.

The drive for performance has, of necessity, called to question certain definitions, formulae, comparability of data, equity, issues, and basic policies and practices. The requirement to provide certain numbers, and even more abstract rates, for performance remains a difficult concept to actually implement. Initial acceptance of what are at the surface simple measures of success eventually becomes a very sophisticated management scheme which limits options and rewards conservatism. PICs have become discouraged by and distrustful of such a complicated system which strives for equity but isn't fully embraced by the program's implementors and, no doubt, program recipients.

The initial high levels of performance within California and the nation remain positive indicators. I anticipate, however, that each PIC, each state, and the national lawmakers will have to re-examine expectations held for the program versus the very specific set of tasks asked of the program within its tightly prescribed set of outcomes. The system is proving itself capable of providing high rates of success at reasonable costs, however, there are those at national, state, and local levels who already are offering major criticism that JTPA is still missing the mark.

The fourth goal, that the program not be a means of income maintenance for participants, was perhaps the area of greatest initial concern. Experience to date has shown a surprising capability within the new jobs training system to offer quality, employer-based training and job placement for a newly-defined population which is capable of supporting its own financial needs while in training.

The continued prohibition against public service employment has not been of continued concern, but does represent one area where strict federal intervention denies local prerogatives for PICs to design programs. In reality, PSE would not be a widely-implemented training approach due to performance limitations on costs. It would be intriguing, however, to have a PIC-administered program which offered productive public oriented service yet required success in private sector placement.

The severe limitations on payment of stipends or allowances created initial challenges, the results of which are just now being analyzed. In California, few SDAs have opted for needs-based payments systems, and most have adjusted to serving participants without stipends or allowances. The adjustment has not seen a dramatic reduction in applicants or early withdrawals from participation. PICs view this change as one which fosters commitment on the part of those who come to apply for, participate in, and benefit from the JTPA program.

For those SDAs that are benefiting from the current stronger economic conditions, the choices of the unemployed are varied. For those that need income and are willing to work, there is employment.

For those that desire greater career and earnings opportunities the JTPA program is one available offering. Those that neither desire to work nor to participated in productive training are not being falsely encouraged to participated in JTPA. The issue of how best to assist these less motivated individuals, as well as those who simply must maintain an income while participating in short-term training needs to be examined and addressed with new initiatives not presently available within JTPA's constraints.

The final goal of JTPA to spend seventy cents out of every dollar upon participant training, has not caused major economic hardship for most SDAs, nor denied sufficient supportive services for participants. The promise of JTPA to minimize federal reporting and administrative burdens has been fulfilled, however, California's insertion of its own burdensome administative and reporting requirements is now severly testing the abilities of SDAs to function with the current 15% cap on administrative funds. Without relief from these burdens, the available administrative resources will be diverted away from those endeavors that assure both quantitative and qualitative performance of the SDA.

Supportive services for participants are evidently being provided at sufficient levels by themselves, or in concert with some needs-based payments to assist most participants. Again, there needs to be further in depth review of whether the lack of more extensive support for participants is de facto preventing a segment of the eligibile population from even applying to our program. The lack of pressure being brought to bear on the local SDAs and PICs to increase support may only be a more serious indicator of a hard core unemployed group's inability to influence decisionmaking at all levels.

The JTPA system is now proving itself capable of investing the maximum amount of its resources into productive training. The SDAs have, for the most part, successfully accommodated themselves to reduce administrative dollars and limited supporting services. These were accomplished because there were no options otherwise available. The jury may still be out as to the "price" being paid in terms of excessive state-imposed administrative requirements and inability to serve hard-core unemployed with quality, long-term intervention.

In concluding my statements, I wish to make several points. My comments so far evidence a general upbeat appraisal that local SDA and PIC administrators have accomplished much given an ambitious new federal job training initiative and a difficult transition to state administration. However, there remain a number of concerns.

For a major portion of this country the JTPA program is being implemented during healthy economic times. It is currently possible to train participants to fill demand occupations within tightly prescribed cost and outcome constraints. Continued high success during times of economic recession is very doubtful. Lawmakers need to recognize the circumstances surrounding JTPA's current appraisal and anticipate differing circumstances that will no doubt arise in the next cyclical swing of the economy. An advance effort to involve the private sector in plans to serve the hard core and the long-term unemployed will no doubt build a better capacity to respond during periods of high unemployment within the nation.

Care must be taken that JTPA's performance criteria do not come to dominate local decisionmaking.

I've seen a growing, disconcerting trend of PIC members to "vote with their silence" when local plans are developed and approved based upon computer models of performance. Their silence comes about out of lack of understanding, inability to depart from the performance requirements, and/or resignation that there is a middle road course already prescribed. All parties to the local partnership are gradually conceding certain long-held thoughts about how to operate a successful job training program with impact in order to look best on performance.

Lastly, the early results are coming in on various professional studies of JTPA. From what I have learned, the JTPA system compares very favorably with CETA in terms of services to participants and has not implemented people's worst fears for an unsympathetic, businesslike operation. Given these findings, I am concerned over criticism of the JTPA system "creaming" for only the most qualified participants and failing to be "all things to all people." Decisionmakers must take care to judge JTPA in terms of the tremendous organizational, implementational, and outcome-related tasks asked of the system within the law, and secondly, these early results that show no major failings and go far to dispel worst case fears. Care must be taken that JTPA not suffer the fate of CETA and be unjustly held up for continued review and criticism on false issues that can otherwise be dispelled. There is a tremendous toll taken on all of us to look forward to improving the nation's job training sytem while having to fight a "rear-guard" action quashing non-issues.

This concludes my overview statement. I am available to answer any questions that you might have.

Mr. MARTINEZ. Thank you, Mr. Bloom.

The next witness is Mr. Clark.

STATEMENT OF ROBERT CLARK, CHAIRMAN, LOS ANGELES CITY PRIVATE INDUSTRY COUNCIL

Mr. CLARK. Thank you, Congressman. Thank you very much for the opportunity to be here today and talk with you. I'd like to open, then, and perhaps just talk about myself a little bit as a business person involved with a PIC.

I'm with Northrop Corp. I was asked to involve myself in training exercises, other programs with the disadvantaged, about 6 years ago with the National Alliance of Business here in Los Angeles. Then that transitioned into CETA title VII, and now the Private Industry Council.

I have served on both the city and the county PIC under CETA. I am now chairman of the PIC of the city of Los Angeles. I come from the technical side of our house, not the personnel side that you might expect. I was assigned to this job by the President with the comment that since I'd spent 25 years in NATO dealing with the intricacies of getting 15 nations to cooperate, that I would probably be the right person to deal in this environment.

I appreciated the compliment, and I've enjoyed this work. As chairman of the Private Industry Council for the city of Los Angeles, I'm pleased to testify about the effectiveness of JTPA and to let you know how the private sector has had an impact on this program.

As many of you know, the Private Industry Council of the city of Los Angeles has the second largest budget in the Nation, after New York City. Like the Job Training Partnership Act Program itself, our role is still being defined as we work toward an effective partnership with local elected officials.

And lest there be any doubt, it is working well. In January 1984, our PIC was incorporated and we began to hire our own staff. We believe that this was an important step in fulfilling our planning and oversight responsibility, as well as to lay a foundation for increased involvement of the business community.

One of our most important achivements was the development of a strategic plan which is the foundation of the long-term direction of JTPA in the city of Los Angeles. This plan outlines six fundamental objectives, which demonstrate the private sector influence on JTPA.

Our first objective is to assist JTPA participants in getting permanent and meaningful jobs in the private sector, meaningful to include upward mobility. Our second objective is to provide job training to those who are more difficult to place because of employment barriers.

Third, we plan to augment available public resources with private sector resources. Our fourth objective is to increase the private sector's active participation in PIC programs.

Our fifth objective is to leverage available resources to increase service to participants. Our final objective is to improve program management, to enhance the accomplishment of program objectives. The PIC has just begun an evaluation process to assess program effectiveness and to maKe recommendations to improve program performance.

The results of this evaluation effort will be used to plan next year's program. We have also been working on streamlining contracting procedures and simplifying the overall system. This emphasis on bottom-line results and efficiency is another example of the private sector influence.

The companies of our PIC board also support the program directly. TransAmerica has a large summer youth program, and is planning to hire several of the participants after graduation. Broadway Department Stores has also hired a number of participants.

Northrop Corp. works with several SDA's on OJT Programs. This direct support, along with the planning, oversight and marketing actions taken by the Board, demonstrate that the private sector can make an impact on JTPA Program effectiveness.

Our PIC affairs are carried out by a staff under the direction of our president, Mr. Dominic Ramos, who is present with me today if you have questions about some details of how we implement programs.

We thank you for your attention, and we'll be pleased to answer any questions you may have.

[Prepared statement of Robert Clark follows:]

Prepared Statement of Robert Clark, Los Angeles Private Industry Council

As chairman of the Private Industry Council of the city of Los Angeles, I am pleased to testify about the effectiveness of JTPA and to let you know how the private sector has had an impact on the program.

As many of you may know, the Private Industry Council of the city of Los Angeles has the second largest budget in the Nation. Like the Job Training Partnership Act Program itself, our role is still being refined as we work toward an effective partnership with local elected officials. In January of 1984, our PIC was incorporated and we began to hire our own staff. We believe this was an important step in fulfilling our planning and oversight responsibility, as well as to lay a foundation for increased involvement of the business community.

Because the PIC is incorporated as a separate entity, we are able to bring the private sector influence to many aspects of the program.

One of our most important achievements was the development of a strategic plan which is the foundation for the long-term direction of JTPA in the city of Los Angeles. This plan outlines six fundamental objectives which demonstrate the private sector influence on JTPA.

Our first objective is to assist JTPA participants in getting permanent and meaningful jobs in the private sector.

This objective can best be accomplished by continuing to have private sector involvement in the program planning process and ensuring that we train clients for demand occupations. Our board has been very active in the selection of training programs and providers. This year we are going to go one step further and establish business advisory groups which will provide information on specific occupations to ensure that the training meets industry specifications.

Our second objective is to provide job training to those who are more difficult to place because of employment barriers.

The city of Los Angeles has been serving approximately 80 percent hard to serve clients. This is substantially higher than the national average. Our board is committed to working on solutions for improving service to this portion of the JTPA population.

Third, we plan to augment available public resources with private sector resources.

Because we are incorporated, we have the ability to solicit private sector resources to expand our program capabilities. Through fund raising activities we plan to develop special programs which will be funded by employers. This augmentation of existing resources should give us more program flexibility as well as increase our effectiveness in serving JTPA participants.

Our fourth objective is to increase the private sector's active participation in PIC programs.

As I mentioned earlier, we have had very active participation from our business members. This year we had an intensive orientation program for old and new members which included many national experts on employment & training. We have launched an extensive marketing campaign to increase the business community's awareness and support of JTPA. So far, the response has been very good. We are currently working with several major employers to increase their utilization of the program.

Our fifth objective is to leverage available resources to increase service to participants.

This effort is being accomplished in several ways. We have negotiated first source hiring agreements with economic development projects. We are working with other SDA's in the area to develop joint programs for displaced workers and have submitted a proposal to the Departments of Commerce and Labor for a demonstration project to increase employment opportunities for JTPA participants through economic development.

Our final objective is to improve program management to enhance the accomplishment of program objectives.

The PIC has just begun an evaluation process to assess program effectiveness and to make recommendations to improve program performance. The results of this evaluation effort will be used to plan next year's program. We have also been working on streamlining contracting procedures and simplifying the overall system. This emphasis on bottom line results and efficiency is another example of the private sector influence.

The companies of our PIC board also support the program directly. Transamerica has a large summer youth program and is planning to hire several of the participants after graduation. Broadway department stores has also hired a number of participants. Northrop works with several SDA's on OJT programs.

This direct support, along with the planning, oversight and marketing actions taken by the board, demonstrate that the private sector can make an impact on JTPA program effectiveness.

I thank you for your attention and would be pleased to answer any questions you may have.

Mr. MARTINEZ. Thank you, Mr. Clark. We'll wait till all the panel has testified and then we'll ask questions.

The next witness is Wesley Slade. Mr. Slade.

STATEMENT OF WESLEY SLADE, CHAIRMAN, FRESNO COUNTY PRIVATE INDUSTRY COUNCIL

Mr. SLADE. Mr. Chairman, members of the committee, Senator Greene, as chairman of the Fresno Private Industry Council, as a private sector business person on that committee let me echo Mr. Clark's responses, that is, the PIC is operating.

And many of the programs are working. Fresno, located in the heart of the State of California, as you know, Fresno County is perhaps the richest agricultural community or county in the country. Not only is it that, it is also the hub of the financial trade and transportation facilities of the State.

Due to Fresno's large agribusiness, unemployment fluctuates anywhere from 8.8 percent during the height of the harvest season to about 21 percent during the winter months. However, the average unemployment rate is somewhere around 13 percent.

However, among our youth the unemployment figure is approximately from 19 to 21 percent. Now, Fresno's PIC receives its funds through the city and County as a result of a joint policy agreement between the city of Fresno and the board of supervisors of the county.

The PIC administers a program, and it has the staff that carries out the program. However, the PIC is not the service provider. The PIC contracts with service providers to provide the service, the job training that's necessary.

The success of the Fresno PIC can be attributed to approximately four things. One, local elected officials who have confidence in the representatives that they have appointed. Two, dedicated directors who volunteer many hours serving on committees and actually planning and evaluating programs.

Three, strong coordinations and linkages with economic development agencies, Chamber of Commerces, Department of Social Service and community-based organizations, and fourth but not least, the acceptance and support by the business community of the JTPA and the PIC programs.

There are some legislative concerns that the Fresno PIC has, and not only do these concern only Fresno as a member of the WJTPA, or Western Job Training Partnership Association, as well as the National Job Partnership Association of all these organizations I serve on.

These same kinds of concerns are echoed throughout the Nation. One is for full subminimum wage for youth. The Fresno PIC opposes this. One, youth have been defined as between the ages of 16 and 21. We feel that it is inequitable and unfair to ask one youth to perform the same job as another youth who may be only 1 year.

And since many of these youth are self-supporting, it is unfair to expect them to be able to maintain a household on this subminimum wage. Creaming. Another term we use for that is prioritizing, as we call it. During the first 9 months or transitional period, I'm sure that much of this happened because we had one thing: We had a large unemployment pool of skilled individuals who required only minimum skilled training in order to get them into job placements.

And since numbers appear to be one of the criteria in order to determine success, I'm sure Fresno as well as many other SDA's, you know, participated in this practice. The Fresno PIC's support the continuation of the Job Corps. We feel that the elimination or phaseout of the Job Corps would place an undue burden of these disadvantaged youth on the local community.

The 45-day minimum eligibility period for applicants to the title II[b] Summer Youth Employment and Training Program. This concerns the JTPA legislation and implementation regulations that currently provide or do not provide a waiver.

This 45-day period may be OK for SDA's that are serving a small number of youth, but the process, the gearing up that is necessary when you are dealing with large numbers of youth, 2,500 to 5,000 youth, you need more time, because you cannot get that process into gear and working with that short period of time.

So we're asking for some changes in those areas. The mandate of 40 percent of JTPA title II training resources to be expended on youth, we feel that that decision on the term should be left to a local SDA so that they can take into consideration the local socioeconomic factors.

There was a study that was commissioned by the National Commission on Employment. Gary Walker, I think, was the author of the report, who indicated that the summer youth program was the Achilles heel of the JTPA, and the facts that he brought out in his study indicate that.

The resettlement, or secondary migration of Indochinese refugees in the Fresno area. We feel that it is an undue burden that has fallen on this local community. In Fresno, during the initial stages between 1975 and 1980, the local private and public sector was able to handle the influx of refugees.

However, since that period of time there have been—the refugees have been exercising one of this country's most precious rights, and that's the right of movement, and so as a consequence of this, and because of Fresno's agricultural base, we now have upwards of 21,000 refugees in this area.

This has severely impacted our resources, and along with this the kind of problems or kind of concerns that they are bringing, Fresno does not have the resources to deal with. This is a long-term solution at best, to say the least.

We're not only talking about lack of skills, we're talking about language, we're talking about academic or educational achivement to a level where one can begin to start training. So this is some of the kinds of concerns that the Fresno Private Industry Council has, and as I indicated, these kind of concerns are echoed throughout the nation.

We're not asking that we target special groups, but provide the kind of waiver and the kinds of funds that are necessary for the local SDA's to carry out these programs. I thank the committee for the opportunity to present some of our concerns.

Mr. **Martinez.** Thank you, Mr. Slade.

Mr. **Clark.** Mr. Chairman, could you consider excusing me, sir? I was trying to do some things at the office before noon, and Mr. Ramos, the president of our council, is here and can answer any questions about programs in L.A. City. If there's something that I could help with, I will stay.

Mr. **Martinez.** All right. Let me ask the members.

Mr. **Clark.** I'd appreciate it very much.

Mr. **Martinez.** As soon as Bill's questions are asked you can be excused, and then Mr. Ramos can take your place should there be any further need for it.

Mr. **Clark.** Thank you.

Mr. **Martinez.** Charlie.

Mr. **Hayes.** I don't have anything. The testimony speaks for itself.

Senator **Greene.** I had one. Mr. Clark, you come from the private sector.

Mr. **Clark.** Yes.

Senator **Greene.** You mentioned two programs. What else—this is my first opportunity to—I now see—from hearing your comments, I am putting together the base of my oversight hearing. But I'm concerned about what the private sector is doing.

Now, you indicated that you had TransAmerica in a program, Broadway and what have you, and very frankly I, you know, I'm from L.A. Gus Hawkins and I talk about this all the time. But we have a very—we have a little difficulty in finding out what you're doing.

So I'm sure you have more than two programs, Broadway and what have you. Your comments weren't too informative. They weren't too detailed. You talk very broadly, but you didn't really talk about specifics. So could you enlighten us a bit, maybe kind of give us at least a category understanding and something about numbers and, you know, what the private sector is doing, because, you know, we finally moved to the point where it took us a long time to get here, but we now have the private sector there?

We expect a great deal out of the private sector, but I don't mean this as a criticism, but I frankly am disappointed that the private sector is not coming forward and does not seem to be providing leadership. In fact, much of the language is beginning to sound like the language we've heard all of our lives from bureaucrats.

And I'm not being personal or it isn't meant in a niggling way. It very honestly is a question for information, because I sit in the State legislature and I don't see it. I deal with your associations in Sacramento, and they say what you're doing, but I don't see evidence of it up and down the State.

Mr. CLARK. Thank you, Senator. I think we're loaded for bear for you today. If not me, certainly Mr. Bruce from the city, who will be testifying, and Mr. Ramos, our president, who comes from Great Western Financial, another major corporation.

I did mention a third company, Northrop, and I'll mention it again, since they pay me, and I probably ought to do that. But I just touched on those, Senator, because I was——

Senator GREENE. Well, what is Northrop doing?

Mr. CLARK. We've had a number of programs at both our Ventura Division, to be specific, and our major division in Los Angeles. Senator, we do a variety of things in a corporation of our size, many on our own, partly because of who we are and partly because we wish to participate in these programs.

When I say who we are, we happen to be a defense company.

Senator GREENE. Well, I know who you are. I'm trying to get you to say what——

Mr. CLARK. Well, all right. What we're doing right now is initiating a program with a consortium of SDA's in the South Bay area, Inglewood, Hawthorne, Lynnwood, Redondo Beach, where we are taking people into our plant on on-the-job training programs, in a fairly broad gamut of occupations in our corporation.

Senator GREENE. Such as?

Mr. CLARK. Obviously, clerical. Some degree of engineering support. We have participated for years in the Urban League's computer program, and we bring those people into our plant, and that of course is a JTPA-funded program.

Senator GREENE. Yes, but that's pretty small. I know about that one.

Mr. CLARK. That's a good program. It brings quite a few people in.

Senator GREENE. Yes, but it's small.

Mr. CLARK. It's small. We have participated with TRW on a joint guard training program. We are—oh, Lord, you know, I have trouble with all these classifications.

Mr. MARTINEZ. Let me interject and try to help you out. Not very long ago in Washington representatives from your company and several of the people you mentioned in that consortium came forward to many Congressmen with a bill that really outlined what you're talking about, the same programs that you were going into in conjunction with high schools and colleges. Is that not it?

Mr. CLARK. Oh, absolutely. I was staying with JTPA programs.

Mr. MARTINEZ. I would ask you to submit for our records that pamphlet again. I know you must still have them available.

Mr. CLARK. Certainly. This——

Mr. **Martinez**. This is to be sent to Senator Bill Greene.

Mr. **Clark**. Be happy to.

Mr. **Martinez**. Therefore he will be able to see that kind of program.

Mr. **Clark**. Yes, sir.

Mr. **Martinez**. Would you do that?

Mr. **Clark**. I certainly will, and I don't believe it's off the subject too much, but along with many other companies of our ilk, the so-called high-tech companies, we're doing a lot these days in education at the lower grades to try and catch these kids and motivate them to stay with the more difficult subjects, because they'll get good jobs.

We're training science teachers to know a little bit more about science so they can motivate their kids. We're doing a lot of this now, and even more of it. So I will get that material in.

Senator **Greene**. Well, sir, please understand me.

Mr. **Clark**. I understand.

Senator **Greene**. It's strictly a question of information. And as I said, my Congressman hasn't been able to answer the question, so we're really looking around. We have not dug around ourselves.

Mr. **Clark**. Yes.

Senator **Greene**. We will be soon, but I don't find a minimal amount of evidence that you exist, and I'm from Los Angeles. Your activity in my area, which is Gus Hawkins' area, isn't felt.

Mr. **Clark**. Well, maybe we're too modest. We'll send some information there. Thank you.

Mr. **Martinez**. Thank you, Mr. Clark. Would Mr. Ramos take your place, then?

Mr. **Clark**. Thank you very much, gentlemen.

Mr. **Martinez**. While we're taking a short break I want to make an apology again. We have a representative from Gus Hawkins' office, Carole Schanzer. I'm sorry. I'm pleased to have seen you around. You blended in. [Laughter.]

Yes, I thought you were one of the staff. Maybe I'll take the opportunity and introduce two of my staff, Genevieve Galbreath sitting up here. She's from Washington, from our subcommittee staff, and Eric Jensen. He is the staff director of the Subcommittee on Employment Opportunities.

Let me try this again, Zoolalian?

Mr. **Zoolalian**. That's good.

Mr. **Martinez**. That's good?

STATEMENT OF EDWARD ZOOLALIAN, FORMER MONROVIA CITY COUNCILMAN, CHAIRMAN, FOOTHILL PRIVATE INDUSTRY COUNCIL

Mr. **Zoolalian**. Mr. Chairman, my name is Ed Zoolalian, and ladies and gentlemen, I want to thank you for this opportunity. I have no prepared statement, and I will be speaking from notes, and I think it's important to talk a little bit about my background.

I have no prior exposure or experience in CETA programs. I have an engineering degree from MIT and an MBA from USC, and in 1979 I ran for the city council of the city of Monrovia, and served for 5 years. In 1983, at that time under CETA the city of

Monrovia was a prime sponsor working with the Los Angeles County.

In 1983 we started talking about the JTPA Program. We thought generally that "Why don't we form a consortium with six cities in the local area and form our own SDA?" And at that time the Monrovia Council was part of the program to convince the State, and we were successful, so the six cities of South Pasadena, Pasadena, Arcadia, Sierra Madre, Monrovia, and Duarte, all Foothills cities, formed their own SDA.

The city of Pasadena does our administration. I think we've had some wins, and I'm going to share with you some of my problems. And I'm sort of speaking as a private-sector person. We've got a very active PIC. The way I read the charter of the PIC is for the first time Congress and the President said:

> OK, you private-sector guys, the ball's in your court. You've been bitching about the bureaucracy all these years, see what you guys can do, and gals.

And that's the way I've sort of been reading it, and in, let's see, 1984, when I stepped down from the city council, mayor pro tem, I somehow got assigned as a privacy council representative from the city of Monrovia, and have been serving as PIC chair since then.

I just want to say that the way we set up the policy board of the six cities, each city has a city council member representing the policy boards, and then we have the PIC. We work together very well, I think. I think part of the reason is that we keep each other very much informed.

I make it a point myself as PIC chair to attend all the policy board meetings. They meet only about four, six times a year, but they are informed, and so they don't get some anti feelings of what's going on.

I felt that the coordination is very good. I enjoy the flexibility we have. We've set up some programs. We've had an ongoing program called the skills centers located at the Pasadena City College. Monrovia Unified Schools have had their own college.

We're growing out almost on a bid process. It may call for a performance-based contract and what have you. The way I look at it is in the old days, they taught for the sake of teaching. The game's changed there right now. If you're going to get a contract to teach some people some skills, then you have to not only share in the burden of recruitment, of getting qualified people, but you must also share in the responsibility of placement, because they have their own set of networks which we as—even in our administration might not have.

And there was some resistance in the beginning, specially with the public schools and public city college type things, but I think it's starting to jell, and they're starting to accept us. As far as—the philosophy is well, you know, you will hold back payment, 10, 20 percent until the people have been placed for at least 30 days.

The type of trades we're talking about, I work with NEF Instrument Corp. and I've been there for 18 years. We're manufacturing electronic data acquisition systems, the Manufacturing Manager there, and we have about 80, 90 people.

And frankly, before this program came to light, if I hadn't been involved in the city council stuff when somebody came to me about another Government program, I probably would have turned a deaf ear. But being involved with it in the public sector, I at least was able to understand it, and frankly pick up about 10 people in the electronic assembly area.

I'm really pushing that from a skill status standpoint. Obviously we're not training displaced people from tuna carriers. We don't have that in our area. We have a pretty good level of technical service type employment in the Foothill area.

In the beginning, my gut feeling was telling me there's not a problem with jobs, the problem seems to be getting people into the system. And now a year and a half later I can say that's no more gut feeling, it's fact.

We are having a serious problem getting qualified people into the—it's like a manufacturing process, the way I look at it. We have to get people into the system, train, some will fall out and the ones come out hopefully will get employees in the private sector, and hopefully a year from now they're still in some type of private sector job.

In answering questions why are we having trouble, you know, we got a very extensive marketing program, some really—people like Parsons and Jacobs are representing the Pasadena area, bus stops, churches, community based operations.

And there seems to be a very heavy fallout when people come in through for the interview process, and I'm not sure what the income problems are. You can say well, 10 percent of the people have a bad attitude when they realize they don't get paid. They're not interested, and that may be part of it, OK.

But it's a really serious problem. We have jobs in the San Gabriel Valley. My company, as small as we are, have nothing—we don't get enough assemblers through the skill center. We got to advertise in the open market and get them in.

A real problem. Now, that ties in—this is probably blasphemy—in terms of should we be asking for more money, same money or less money? And I guess I'm saying if the criteria we have now is such that we cannot get enough people in our system, then maybe we don't need all the money we're getting.

My staff's not here today, but they'll hear about this, I'm sure.

Mr. Specifically we have trained people in electronic assembly, we have contracts on truck driving, contracts on clerical skills. One of the schools—we went out and bought three word processors.

My philosophy is we're here to help the economically displaced person, or disadvantaged person, OK? You—had a job and make a word processing person out of him. You take him off the street, you teach him how to get the work, you teach him clerical skills how to type.

Then some of those people that are now working in the private sector all alone, in the evening, will go out and get the additional skills which allow them to go through the word process system. It's a—philosophical problem, and that's the way I see it, and that's the way we're trying to lead the PIC.

And so far we're going along with it. Exciting. Several recommendations. Under the Targeted Job Tax Credit Program, which is due to expire by the end of this year, it's very important to maintain. I—involved with the program, I would say NEF Instrument Corp. would still use the program with or without it.

But I think it's a selling point to some new companies that are not familiar with this program. They say "Oh, we heard about NOJT. We don't want to get involved with that type of thing."

But that tax credit is a door-opener. That makes sense. You've got to at least sit down and listen. We can provide you with an able-bodied person. Why doesn't it make sense to get that person? So I think it's important to keep some semblance of a tax credit program. My staff tells me——

Mr. MARTINEZ. Excuse me just 1 minute.

Mr. ZOOLALIAN. Yes.

Senator GREENE. Mr. Zoolalian, do you mean the Federal or the State?

Mr. ZOOLALIAN. The Federal.

Senator GREENE. Because I'm the author of the State tax credit, and I now have that on the assembly floor, and—Governor, so the State——

[Simultaneous discussion.]

Mr. ZOOLALIAN. That is still due to expire, I believe.

Mr. MARTINEZ. I'm one of the advocates of that program. I'd like to have an opportunity to talk to you about that—because I think it is a very important program.

Mr. ZOOLALIAN. I feel very strongly about that.

Mr. MARTINEZ. Quite quickly, the situation I want to talk to you—you about is in San Antonio, TX. There's a consulting firm that does the screening for the corporations that do the hiring under this program, and it's resolved a lot of the problems that are inherent in the program.

But I'll talk to you later.

Mr. ZOOLALIAN. OK. We'd like to have that.

Mr. MARTINEZ. Proceed.

Mr. ZOOLALIAN. My staff—I don't get involved in day-to-day operations. We're policy setters and setting directions, and the paperwork under this program is higher than it was in the CETA. Now, you know, I know they're all bureaucrats, so, you know, they're all going to—here. but, you know, some would say well—and I'd say nonsense.

That's why it's 15 percent. Make it work, OK? But I do pass that on. They say that paperwork between the State and so forth is more extensive than CETA. And take that for what it's worth. The—I think we need more promotion at the State and national level.

I was fortunate last October, I believe, the Department of Labor picked up the tab on some of the PIC Chairs around the country. We had a very interesting 3-day meeting, and I learned a whole lot about what this whole program is about.

And I think we haven't done a good job in advertising to the general public, the public that we're trying to reach, you know, both the executive or the business people as well the economic disadvantaged, and what this program is all about.

A couple of problems as I see it. I asked one of the economic people on our committee, I said, "What does it take for a single gal with, say, two children on the Aid to Family and Dependent Children, what does it take as a break-even point for her to want to go in the private sector?"

The answer came back $7.02 an hour; $7.02 an hour for this gal to want to go in the private sector, because of what she was getting—State and local program. Now, I'm not suggesting cutting the local program. I'm saying we got a problem there, gentlemen, because I have one of my gals that we're hiring that was pregnant, and I don't know if she had a kid at home, and she called and she said, "I was prepared to get a job."

I said, "Well, she's going to stay home. It's not worth her while to come back to a $5.35 an hour job." Now, I think—I asked that question in Washington when I was back there, and a friend from Texas says, "We don't have that problem."

And nobody seemed to address it, you know, and I'm not sure what the answer is, but we can't avoid it, because the private sector jobs for this kind of training, you don't—they don't exist at $7 an hour. If they do you're being subsidized by somebody, and I think it's a mistake because those people are being infected. They'll never get a job like that, you know, on an ongoing basis.

OK. The problem of getting people into the system, qualification, motivation, moving jobs, more jobs, not enough people, and, you know, I think it's a winning program.

Philosophically I have no problems with it. The word has to get out. I've been able to recruit private sector people, but most of them don't want to get involved. I've talked at rotary clubs, service clubs, and this is how you get the word out, because, you know, we're not—people around the company say: "We want you on a PIC because you have high employment criteria."

We want them there because of their support and they're willing to go out there and hustle. That's the end of my unprepared comments. Thank you very much.

Mr. MARTINEZ. Thank you very much, Mr. Zoolalian.

The next witness is Bill Bruce, the director of Training and Job Development for the city of Los Angeles.

STATEMENT OF BILL BRUCE, DIRECTOR OF TRAINING AND JOB DEVELOPMENT, CITY OF LOS ANGELES

Mr. BRUCE. Thank you, Mr. Chairman, Congressman Hayes, Senator Greene. I am Bill Bruce, and I'm with the city of Los Angeles Community Development Department, and I am the JTPA Administrator. The Community Development Department serves as the administrative entity for JTPA.

As Mr. Clark, our Private Industry Council Chair, indicated, the program in the city of Los Angeles is working well. We have forged a partnership between our mayor and the city council and the private sector. I want to indicate that to date this year over 4,500 city residents have received job training and been placed in jobs in the city of Los Angeles.

This includes hard-to-serve groups, dropouts, dislocated workers, the disabled, older workers, ex-offenders, substance abusers, and I could go on and on. My comments today are going to be directed at what I believe needs to be—there needs to be some fine tuning in the legislation.

Like my colleague Mr. Bloom, I went back and looked at some of the intent of JTPA, and then looked at its application over the last 2 years. First area is that of program stability. The legislation provided for stability in job training programs through permanent authorization, the concept of forward funding and 2-year planning cycles.

However, several factors have occurred which have offset or diminished this program stability. One of those, and I believe it was mentioned in part by Senator Greene in his remarks, was the allocation formula.

One of the things that is very critical here is that two-thirds of that allocation formula is driven by the unemployment rate, and only one-third by the number of disadvantaged, economically disadvantaged in the SDA.

This creates a situation where the unemployment may change in a very short period of time, and it can create a volatile swing in the amount of funding that an SDA receives. This occurred to several SDA's in the State of California and had it not been for an effort by the State council to provide a hold-harmless or a minimum reduction level, it would have had a very major impact.

The additional dollars—additionally, the dollars for dislocated workers and summer employment programs were thrown back into the Congress this year. We thought those were set, and so how that affected our 2-year planning cycle was that it wasn't until April that we knew what our summer youth allocation was going to be.

We didn't know what our title III displaced worker allocation was going to be. This very much disrupts the overall planning process. We would recommend that to enhance the program stability, that established levels of funding be authorized for a 2-year period, or that the allocation formula be looked at seriously so that the unemployment factor is deemphasized and the disadvantaged factor is increased, so that there is some balance, a better balance there.

Another way that that could be corrected is to legislatively state that the hold-harmless provision, the 90 percent hold-harmless provision that is in the legislation for State funding be passed down to the local level, so that within that 2-year planning cycle your funding is not going to vary by more than 10 percent.

In any case, we would like you to deal with the appropriations as a single package, so that we know from a planning perspective what the level of funding is going to be.

Another area that has created some instability is the area of performance standards. The first year of the 2-year cycle, the DOL model was based on the experience from the CETA Program. That set certain national departure points and certain standards that each SDA had to meet.

In the middle of the cycle, the second year, we are now going to change the data base for that formula and use the first 9 months of JTPA. This has an effect of radically affecting those SDA's that use the 2-year planning cycle, like ours.

Let me give you an example. The cost allowed under the performance model for adult entered employment in the original formula was approximately $5,700. In the second year that cost allowance is going to drop over $2,000 to $3,700 per adult entered employment.

That affects us because we went out using that first figure and entered into 2-year contracts with our providers. We went out to an RFP, a competitive bid, and now we had to come in in the middle of the cycle and say "You're going to have to substantially lower your costs or dramatically improve your performance."

That is something that should not have occurred within that 2-year planning cycle. We don't mind the shift between the 2-year planning cycles. That is something that we can plan for. We would therefore recommend that the data base for performance standards and the use of the same data be incorporated in that 2-year planning cycle.

I'd like to also talk about the fact that the legislative intent was to stress performance rather than process. We've heard some indication here this morning from our colleague from the Foothill Consortium that paperwork is more than ever—more than what it was under the CETA Program.

Part of the problem here is that in California we have separate tracking and reporting for each part of the grant. We have separate tracking for management information system purposes required within a title. For example, title III, I have a grant that comes to the city from the Secretary's discretionary funds.

I track that separately. I have a title III allocation from the State that's appropriated on a formula basis which has to be tracked separately. I have State discretionary funds which have to be tracked separately, and we're talking about serving the same type of population, the displaced worker.

This adds to the administrative burden. We believe that the Job Training Progams should be consolidated into one grant using one tracking and reporting system, and we believe that that would go a long ways toward reducing some of this administrative overload and let us deal with performance rather than process.

Also along those lines, I would like to address the administrative cost-pool issue. We have 15 percent available for administration under the grant, and as Mr. Bloom indicated, that gets stretched very thin.

One thing that could aid all SDA's is that rather than having you respread that 15 percent back against each title, if we could use that and consider the 15 percent from whatever titles and track it as a separate grant, if you will.

As an SDA we are obligated to provide a wide variety of services to all of those groups, the disadvantaged, the displaced workers, the older workers and it should be a local decision as to how much of your resources, your administrative resources it takes to deal with maybe a small older workers' program as to your large 78-percent programs.

So we would advocate creating a true administrative cost pool. I'd like to touch just briefly on State and local roles. The legislative intent was to give a greater role to the State and to the local PIC's and diminish it at the Department of Labor, Federal level.

In California the State legislature has through legislation such as Senator Greene mentioned, FESA, tried to direct the emphasis to JTPA toward the welfare population. We don't disagree with that, in fact we have a good record, I believe, in serving that particular population.

We want to be sure that all the other segments of the population that are included in the JTPA legislation are in fact—we're able to address their needs. Basically we would also just like to reaffirm the principle of local control.

We feel that through the PIC strategic planning process and its emphasis in objective No. 2 of that process, to serve the hard-to-serve groups, the more economically disadvantaged, we have the decisions being made at the local level.

The mayor and the city council along with PIC can determine which groups should best be served. We would like that principle of local control reaffirmed. Well, I hope that some of these comments have been helpful to the committee, and that the recommendations that are included in my written testimony receive favorable consideration.

And I just would like to say that we would be glad to implement any changes that would make a more effective JTPA Program.

Thank you.

[Prepared statement of Bill Bruce follows:]

PREPARED STATEMENT OF WILLIAM A. BRUCE, DIRECTOR, TRAINING AND JOB DEVELOPMENT DIVISION, COMMUNITY DEVELOPMENT DEPARTMENT, CITY OF LOS ANGELES

I. INTRODUCTION

The City of Los Angeles' Community Development Department is pleased to have this opportunity to provide testimony on the Job Training Partnership Act (JTPA) before the House Subcommittee on Employment Opportunities. As the administering entity for JTPA in the City of Los Angeles, we can tell you that the program is working well. Over 4,500 City residents have been placed in jobs so far this year as a result of JTPA. The programs are serving the long-term unemployed and the economically disadvantaged, high school dropouts, dislocated workers, the disabled, older workers, welfare recipients, ex-offenders, and training them for placement in jobs. We are fortunate to have a strong partnership between the Mayor/City Council and the Private Industry Council.

As with any program, improvements can be made to increase its effectiveness. My testimony today will discuss several areas where the intent of the JTPA legislation differs significantly from its application since the program began almost two (2) years ago. For each issue, I will highlight some of these differences and then offer solutions that the Committee may wish to consider in fine-tuning the JTPA legislation.

II. PROGRAM STABILITY

The JTPA legislation appears to provide stability for job training programs, allowing local governments and Private Industry Councils to jointly plan and carry out programs within the framework of a permanent authorization. The Concept of "forward funding" was incorporated into the law, along with a two (2) year planning cycle. However, the annual adjustment to allocations weighed heavily on the unemployment rate and the change in the data base used to develop the performance standards have created instability in the JTPA program.

A. *Timing of Allocations.*—Section 201(b)(1) of the Act describes the allocation formula for Title II-A adult and youth program. The formula is structured so that two-thirds of the allotment is based on the unemployment rate and one-third is based on the economically disadvantaged population. When the formula is applied annually, it can result in violate swings in funding for local Service Delivery Areas (SDA's) which can render any two year planning cycle meaningless.

Additionally, a substantial portion of the monies appropriated for dislocated workers and summer youth were separated from the overall "forward funding" appropriation and included in the budget process. This meant that final appropriations for these programs were not known until March, 1985, only three months prior to the start of the second year of a two year planning cycle.

Recommendations:

Some alternatives for solving these problems are as follows:

1. Establish set funding levels for a 2-year period; or

2. De-emphasize the weight of the unemployment rate, reduce the volatility of the annual allocation formula; or

3. Implement a hold-harmless provision for SDA's. Section 201(b)(2)(B) of the act provides that "no State shall be allotted less than 90 percent of its allotment" for the preceding year; a similar provision could be developed for SDAs during the two year cycle.

4. In any case, job training appropriations should be dealt with as a total package, so that funding for part of the program is not considered separately by the President and the Congress.

B. *Performance Standards.*—Performance standards established by the Department of Labor for Program Year (PY) 1983–84 were based on CETA experience. The performance standards for PY 1984–85 are based on the first nine (9) months' experience with JTPA. Over period of nine months, changes in the DOL model have shifted the national departure point for Cost Per Entered Employment for adults from $5,704 (PY 1984–85) to $3,740 (PY 1985–86). This change occurs in the middle of a planning cycle, after contracts have been executed locally, making it difficult to attain the new performance standards.

Recommendations:

Once a data base is established for performance standards, the same data base should be used throughout the two year planning cycle. This is consistent with Section 106(d)(4)(A) of the Act, which states that, "The Secretary may modify the performance standards under this subsection not more than once every two program years and such modifications shall not be retroactive."

III. CATEGORICAL GRANT PROGRAMS

The JTPA legislation was designed to focus on performance rather than process. One intent of the legislation was to restructure the grant as a block grant to the State, resulting in a single, comprehensive grant for all job training programs. Yet, the practical application is that JTPA is a categorical grant program, reminiscent of the early days of CETA.

A. *Tracking and Reporting for Multiple Grants.*—The State of California requires separate application, tracking and reporting for each part of the JTPA grant from the basic youth and adult program expenditures and performance, to separate reporting and tracking for older workers, dislocated workers and summer youth. Even within the dislocated worker program, separate tracking and reporting is required for the State "allocated" funds, State discretionary funds and Federal discretionary funded portions of the grant.

Instead of a single grant, we now have a categorical grant process for JTPA. The process—responding to State Requests for Proposals, obtaining local and State approval of each application, creating separate reporting systems - has focused the program on paperwork instead of results; the antithesis of the Congressional intent of JTPA. The additional time and cost involved in operating such a system is a burden, given the 15 percent cap on administrative funds. The City and the Private Industry Council are forced into program planning on a piecemeal basis, with different programs considered at different time periods.

Recommendations:

1. Job training programs for various titles and target groups should be consolidated into one comprehensive grant plan.

2. Tracking and reporting system should be consolidated into single structure for each title or major subtitle.

3. PICs and SDAs should determine locally, the allocation of monies to serve specific target groups, based on their incidence in the population, various resources available and other factors which can be decided only at the local level.

B. *Administrative Cost Pool.*—Section 108(a) of the Act states that no more than 15 percent of the funds available to an SDA for any fiscal year may be expended on administration. SDAs are responsible for ensuring that administrative costs for all of their programs do not exceed the 15 percent limit. The JTPA legislation does not specify that administrative expenditures be tracked separately for each title; however, in California, administrative costs must be allocated across each title, requiring separate financial tracking and reporting systems.

Selection as an SDA obligates that SDA to serve the disadvantaged population, the displaced worker population, older workers and other hard to serve groups. The SDA should be free to determine locally, the level of administrative resources needed to effectively operate each portion of that responsibility.

Recommendations:

Create an "Administrative Cost Pool" system that treats administrative costs as a consolidated, separate grant for tracking and reporting purposes.

IV. STATE AND LOCAL ROLES

In contrast to the Comprehensive Employment and Training Act [CETA], JTPA provides a major role for the States. It gave to governors the approval of local job training plans, as well as various functions previously performed by the Department of Labor. JTPA also increased the involvement of the private sector, giving the PIC responsibility for policy guidance and oversight for job training programs, in partnership with local government.

In California, the active role of the State Legislature was unanticipated. The Family Economic Security Act [FESA], which was passed in order to implement JTPA in California, focused on serving the welfare population, and requires more extensive tracking and reporting than JTPA. Through a variety of bills during the last two years, the State has attempted to redirect the intent of the program and to be more prescriptive than the Federal legislation. For example, a bill currently pending in the Legislature would require SDAs to track separately, the services to women in non-traditional occupations. Another requires separate tracking and reporting of JTPA costs and services to refugees. Thus, the State appears to be coming involved in specifying target groups to be served, a decision which should be made locally by the City and the PIC.

Additionally, these requirements for SDA's would be imposed without additional funding for their implementation.

Recommendations:

1. Reaffirm the principle of local control on issues such as target groups to be served and other elements which are part of the SDA's job training plan.

2. Develop a provision that State legislative or administrative requirements which are not also mandated by the Act must:

(a) Include a statement of financial impact, id est, the cost of implementing the requirement on a Statewide basis; and

(b) Specify funding sources to carry out the requirement, such as State discretionary monies or other sources which do not depend upon SDA staffing or funding.

V. CONCLUSION

The City of Los Angeles' Community Development hopes these ideas are helpful to the Committee in developing its recommendations. We would be glad to implement any changes which will result in a more effective JTPA program.

Mr. Martinez. Thank you, Mr. Bruce.

Before we get into questions, I'd like to clear up a point that Mr. Slade referred to in his testimony. Last year, the Department of Labor issued a field memo which allowed the SDA's to recruit the participants and put them into unassigned pool prior to the 45-day requirement, and then the SDA's merely shifted the participants from the unassigned pool to the summer program in a timely fashion, and without regard to the 45-day requirement.

The paperwork that you referred to, Mr. Bruce and Mr. Zoolalian referred to, this is not required by the Federal law.

Mr. Zoolalian. It's required by the State.

Senator Greene. It's required by the State. I want to find out what they're talking about.

Mr. Martinez. Yes. I think that there is some fear on the part of the people doing this paperwork. This is because of some requirement that might be there but really isn't there, they need to do this more to keep themselves safe.

Senator Greene. Might be a bureaucratic NED——

Mr. Zoolalian. Director of the State, primarily, would be happy to get specific details. But I know one thing, the number of audits that seem to be going on, it seems to be almost a perpetual deal. One department EDD, and then some other task force come on down.

And, you know, they're just tying up the people. But I would be happy to get specific instances on that thing, employment bureau.

Mr. MARTINEZ. Our second panel will address this, so we'll probably be more enlightened.

Mr. ZOOLALIAN. OK.

Senator GREENE. Mr. Chairman, let me indicate for the record and for your information and also for the information of these other people, and that's why I say, I am getting a good foundation myself. I can assure you that that is not required by State law either.

So it sounds like what we have is a bureaucratic administrative requirement put on you and their interpretation and which they have, you know, they're out here telling you to do it, but that is not required by State law any more than—you see, we don't get into those kinds of details in State legislation.

We say that you shall reach this or you shall have such a percentage of that, but now how the bureaucracy implements that, that's of course——

Mr. ZOOLALIAN. Senator, since you're going to be involved with the State council, could we maybe send some examples of that to your office?

Senator GREENE. Yes. I know the law does not require that, so what you're talking about is something with EDB and their administration of it, and I noticed that Mr. Bloom talked about EDB, and what it sounds like is that we have an agency which is operating the way it's always operated irrespective of what the law requires.

And I don't say that to be critical or anything like that, but just try and peek through what is going on. I can promise you on my word of honor that we don't require that in the law.

Mr. ZOOLALIAN. But I just can't go back to my people and say it's not——

Senator GREENE. Well, all you have to do is read the law, sir. I mean, if you read the law and a lot of things that are being said here also, I'm really puzzled as to whether or not the folks have read the law, you know, and——

Mr. ZOOLALIAN. We'll get more detailed examples—both your offices, with your permission.

Senator GREENE. I can assure you, I wouldn't say it publicly if it was not true.

Mr. MARTINEZ. Because that's one of the things that we have to definitely account.

Mr. Hayes?

Mr. HAYES. I just want to comment to you, Mr. Slade. I certainly was happy to hear it, your opposition to that subminimum wage. There could be an awful lot of pressure on this $2.50 an hour minimum wage that's being proposed by the administration.

Two dollars and fifty cents an hour, you know what that means in terms of money; $3.75 is too low already. But also, Mr. Bruce, there's one question that I wanted to raise of you. Are you able to meet your performance standards given the fact that you are serving about 80 percent of your clientele as the hard-to-serve group?

Mr. BRUCE. This year it looks like we will be exceeding the majority of the DOL performance standards. What we have tried to do is to look at ways to balance having to grapple with those numbers with doing the job that we think we need to do, and that is to serve the hard-to-serve groups in the city of Los Angeles.

And it has been a challenge to keep those statistical measures up while really looking at the people who have the need. I would just like to comment for Senator Greene. We did an analysis at the request of Congressman Hawkins of service to clients in his district that lived within the city of Los Angeles.

In looking at last year's summer youth program, out of the 10,000 young people that were served in the city of Los Angeles, over 3,200 of those were within the Congressman's district.

Similar statistics are also available for our mainline 78-percent programs. Job placement, as I recall, in April was running at that time about 20 percent of our total job placement, was occurring within the city portions of his district.

So we are trying to address the hard-to-serve where the need is.

Senator GREENE. Seventy-five percent of his district is in my district. Of course you had the Olympics last year. What are you going to do this year? [Laughter.]

Senator GREENE. See, you aren't going to have the—so that was easy to do last year. What are you going to do this year? You don't have the Olympics.

Mr. BRUCE. Well, we're running programs that are approximately the same level. Interestingly enough, the Olympics had a different impact on our summer youth programs. We had fewer youth sign up last year than in prior years.

Senator GREENE. Yes, but you had some of your people that worked the Olympics came through there. I know that for certain, because my office coordinated some of it, so, I mean, I know that for certain.

And then also we even got EDD in there, because I told them, I said, "My office is not an administrative office. We are legislative." So the local EDD offices took—I know that to be a fact. I was directly involved in it.

Mr. BRUCE. We have for a number of years used EDD as our screening agent, and that——

[Simultaneous discussion.]

Senator GREENE. Yes, but I'm saying you are—your summer youth program, the L.A. City PIC Summer Youth Program, pumped some people into the Olympics, because I know that for certain. I can tell you who handles it out of your operation.

Mr. BRUCE. I'd be interested to know that, because we worked to try to get some of our youth that type of experience, and were not able to do that.

Mr. MARTINEZ. What you're saying is that you attempted to do what Mr. Greene is saying was in fact done, but you weren't able to do it as a unit yourself, but evidently somebody did.

Mr. BRUCE. Yes, there were quite a few problems in dealing with the Olympic Organizing Committee in terms of the types of security that they needed. We thought it would be a tremendous experience for the young people of the city of Los Angeles, and were not able to in any great numbers get them into those types of——

Mr. MARTINEZ. No; I think the bottom-line question that Senator Greene was asking is, now that the Olympics are done, are you going to be able to match the numbers?

Mr. Bruce. We believe so. We have over 2,000 worksites within the city of Los Angeles for summer youth, and this is dealing with over 700 community and neighborhood-based organizations.

Mr. Hayes. In your recommendation to restructure the whole allocation, the formula for allocation, are you suggesting a change? You say that two-thirds of the allotment is based on the environment rate, and one-third is based on economically disadvantaged population.

And you recommend a change in that. Are you saying if it's changed in the manner you propose, there could be more funds allocated that would go to the disadvantaged?

Mr. Bruce. The allocation formula should, I believe, increase the emphasis of the disadvantaged. In other words, maybe a 50-50 formula. What I liked—what I heard earlier from Senator Greene's comments was considering something that looked at the economic cycle.

I think that could be another positive influence in that formula.

Mr. Hayes. But the young man over there indicated that he thought that there's too much money now. I was surprised that California, big as it is——

[Simultaneous discussion.]

Mr. Hayes [continuing]. $7.25.

Senator Greene. Of course he comes from the Pasadena area. [Laughter.]

Mr. Zoolalian. The point I'm making here is the criteria for intake need to be taken a look at. OK? Because we're having difficulty priming the pump.

Mr. Hayes. I thought maybe you—President goes to his retreat.

Mr. Zoolalian. All right, I'd say the same thing to the President.

Senator Greene. I'd be glad to pull some money out and give it to somebody who needs it. That's no problem.

[Simultaneous discussion.]

Mr. Zoolalian. There are probably areas where that might be absolutely true. In other areas if you look at Chicago, for example, with that unemployment—the unemployment rate is probably higher than anywhere else in the country, that you probably wouldn't find that——

Mr. Hayes. Don't give me more. If I want to play your games, I've seen it played, there's no problem placing those funds. I'm speaking of the business person now, and of the taxpayer, sticking my foot in my mouth, I realize that, OK, in some cases where you're having difficulty getting real honest-to-goodness intake and place them in jobs—in your area, is a problem.

Mr. Martinez. Yes. I agree with you.

Mr. Ramos, do you have any——

Mr. Ramos. I'd just like to add to Mr. Bruce's comment and the question that Congressman Hayes raised, and that is that we in the city of Los Angeles take the mandate to serve the hard to serve very seriously, and I don't want to bore you with statistics, but just quickly let me just mention that the statistical model for our SDA from July 1984 to February 1985 indicates that we have been serving block Americans at a rate of 41 percent versus the national average of 24 percent.

We've been serving Hispanic Americans at the rate of 23 percent versus the national average of 8 percent. We've been serving 80 Pacific Islander Americans at the rate of 16 percent versus the national average of 3 percent.

Americans with limited English ability, we're serving them at the rate of 21 percent versus 4 percent on a national average. The physically challenged Americans, we're serving them at a rate of 14 percent versus the national average of 9 percent.

Unfortunately, when we do that the cost per participant is very high, and therefore this regression model that the Department of Labor valuates us with, which I don't understand, I never will, our cost is so high that we become—that becomes a factor.

And I think what Bill is alluding to is that maybe that regression model should be some factoring in there, that when the SDA is serving the hard to serve it should not be penalized because unfortunately that comes with the high costs.

Mr. **Martinez.** Senator Greene.

Senator **Greene.** Does the Department of Labor require you to break that out like that?

Mr. **Ramos.** I believe in the regression model it does, and Bill, I think it's more—

Senator **Greene.** It does. Because the reason I asked the question is all of those people are economically disadvantaged as far as I'm concerned, so I wonder why you separate them out.

Mr. **Ramos.** It's part—there is a weighted factor, but the——

Senator **Greene.** But the Department of Labor, the Federal Government requires that.

Mr. **Ramos.** That's right. That's correct, Bill——

Mr. **Bruce.** Those are all participant characteristics which are included in the performance standard regression analysis.

Senator **Greene.** Yes, but they're all in the same group. They're all economically disadvantaged.

Mr. **Bruce.** That's correct.

Senator **Greene.** So that's, you know, that's who we're supposed to be serving. Who else would qualify?

Mr. **Ramos.** But that gives you a high rate per participant, which is——

Senator **Greene.** Well, that's what you're supposed to do. That's what the law is about.

Mr. **Ramos.** Under the Department of Labor formula and under the State, an SDA like ours——

Senator **Greene.** No, no, the State doesn't require you to—like that.

Mr. **Ramos.** Senator, there is within the State an incentive of bonus awards that are given to the SDA's.

Senator **Greene.** For what?

Mr. **Ramos.** For those who meet certain criteria. One of them is to have a low cost per participant.

Senator **Greene.** OK.

Mr. **Ramos.** And the city of Los Angeles, we did not get incentive awards because we were serving the truly needy, but we had a very high cost.

Senator **Greene.** Now, what is the difference between "needy" and "economically disadvantaged ?"

Mr. RAMOS. I see no distinction, but——

Senator GREENE. OK, but you keep using these terms.

Mr. RAMOS. Only in the sense that——

Senator GREENE. We're talking about the same population with all of those categories that you enumerated.

Mr. RAMOS. That's right. But those SDA's who do serve the truly needy are penalized because——

Senator GREENE. Well, if they don't serve them who do they serve? I mean, those seven SDA's?

Mr. RAMOS. The word "creaming" has been mentioned here before.

Senator GREENE. Yes, but who do they serve?

Mr. RAMOS. They're serving probably citizens of the community that do not need as much training. They're not really——

Senator GREENE. Yes, but——

Mr. MARTINEZ. Senator, let me interject here for a minute.

Senator GREENE. Yes, because I really don't understand this.

Mr. MARTINEZ. What Senator Greene is trying to get at is that the people in the Western States are not penalized——

Senator GREENE. Right.

Mr. MARTINEZ. And if they're not truly needy, they aren't supposed to be served.

Senator GREENE. Fine.

Mr. MARTINEZ. And if they are being served, I think there's something there that we really have to look at.

Senator GREENE. Plus, plus! Here in California we have other programs for those people. That's what I just finished saying. If they're out of the job market they should never come to JTPA, so to the degree that you are—you know, we have an employment training panel. That's to keep them out of that mainstream that you have, OK, not unless you have a joint program for some reason.

But that cost should be on the ETP side. One thing I think, just in all fairness, and I take it everyone should know it, when we started our oversight we are going to look negatively where you are spending JTPA dollars where there's State dollars to support those people in programs, because they aren't supposed to be there.

We purposely have structured it in California so that we have those channels for people to preclude the kind of thing that by design, on purpose, with Democrat, Republican support, because I'm supported by the Republicans in the legislature and those changes as much as I am by Democrats.

So to the degree that you're intermingling those, when we come out and start oversight that's going to be a negative on you.

Mr. RAMOS. Well, obviously, Senator, we're not doing that in the city of L.A., because we're serving 5 percent of the——

Senator GREENE. Well, I don't know. I can't say that, but from the way you sound I'm not so sure.

Mr. RAMOS. If we're serving—if the national average is 21 percent of serving Black Americans and we're doing 41, we're obviously doing better than the national average.

Senator GREENE. Well, see, you're making it race. I'm talking about condition of people. I don't care what race they are.

Mr. **Ramos**. Well, this is a category by which the DOL measures the performances.

Senator **Greene**. Yes, but I'm from the State legislature, and I'm not an employee. I'm a legislator.

Mr. **Martinez**. Yes, and I would simply say from the Federal standpoint that these statistics are only important to those people that are trying to impress somebody with a report.

Senator **Greene**. Right.

Mr. **Martinez**. And not necessarily concerned with how functional the program is.

[Simultaneous discussion.]

Mr. **Martinez**. Congressman Hayes has no further questions of this panel. We thank you very much for joining us. You've given us some insights that we didn't have before, I guarantee you of that.

The next panel is Tim Teremina.

Mr. **Teremina**. Pretty good.

Mr. **Martinez**. Well, I had a coach over here. [Laughter.]

Chief, California Job Training Partnership Office. Ross Alloway, vice chairman, California State Job Coordinating Council. Jerry Kilbert, director, California Employment Preparations Division.

Ready? All right, Tim, do you want to start?

STATEMENT OF TIM TEREMINA, CHIEF, CALIFORNIA JOB TRAINING PARTNERSHIP OFFICE

Mr. **Teremina**. Thank you, Mr. Chairman. Mr. Chairman and members of the House Subcommittee on Employment Opportunities and Senator Greene, I am Tim Teremina, chief of the job training partnership office in the employment development department, which has been designated by the Governor of the State of California to administer the Job Training Partnership Act here in California. We welcome this opportunity to submit information regarding the status of the program to the House Subcommittee on Employment and Training.

We are pleased to be able to report that the JTPA Program is a success in California. It is an effective results-oriented partnership that has been forged between the private sector, local government, service providers, and the State.

Based on local determinations of labor market needs and opportunities, jobseekers are being prepared for jobs that really exist and are transitioning to employment in impressive numbers. The prepared text that I submitted to the subcommittee contains detailed information about the overall organization of the JTPA Program in California and discusses what we consider to be significant achievements to date in the program.

In addition, I am providing a copy of the most recent annual report on the effectiveness of the program in California, dated February of this year. For the remainder of my allotted time today, I would like to speak to a number of concerns that could be addressed at the Federal level to help the program be more effective.

Our 21 months' experience with the program has allowed us to identify some areas of strain and/or uncertainty within the law in implementing regulations. While we have in most instances sought to address the identified problems at the State level, we believe the following issues merit congressional attention.

Youth services level. The adjusted 40-percent expenditure requirement is excessive. More than half of California's SDA's are projected to fail to reach their youth expenditure goals.

This will occur despite substantial efforts on their part to recruit eligible youth for training and despite the fact that California has adopted an alternative youth service level calculation methodology and has adjusted the expenditure goals for several SDA's.

This problem has plagued all States since the inception of the program, and we've encouraged the Department of Labor to sponsor legislative relief.

Expenditure of older workers' funds. Eligibility criteria are too tightly drawn for this part of the program, because many potential participants receive Social Security income, which renders them ineligible as it must be counted in determining economically disadvantaged status.

Further complicating the problem is the fact that the 10 percent window of service to noneconomically disadvantaged persons has been ruled not to apply to the 3-percent program. Use of 6-percent funds for general technical assistance. JTPA law provides that 6-percent funds can only be used for technical assistance to SDA's that have failed to receive incentive grants.

This requirement is too narrow. It should be possible to provide technical assistance to any SDA that is during the program year in jeopardy of failing performance standards to avert problems, not just to respond to already existing problems.

ROLE AND AUTHORITY OF STATES IN THE CONTEXT OF FEDERAL AUDITS

Presently California tends to be cautious in its interpretation of JTPA law and regulations in order to avoid the possibility of adverse Federal audit findings.

It would be helpful if the Federal Government issued a general disclaimer indicating that States and SDA's would not be subject to questioned costs if they are in compliance with the JTPA law, Federal regulations and State interpretations of them.

States should never be placed in the disconcerting position that the interpretation of a particular provision of law is at the discretion of the Governor, and then later told that that interpretation was not correct.

ADMINISTRATIVE COST LIMITS

The 15-percent limit on administrative costs is burdensome to smaller SDA's. The tasks and fixed costs associated with planning and administering a small program do not differ substantially from those related to a larger program.

California has responded to this problem by attempting to minimize its imposition of special requirements on SDA's. California suggests that for SDA's of a certain size or smaller and those serving sparsely populated large geographical areas that the Governor have the discretion to allow waiver of the limit.

JOB TRAINING PLAN REVIEW PERIOD

We believe that the process outlined in JTPA section 105 is too lengthy, especially in view of the fact that these requirements demand that the plan be completed for publication and distribution before the 120-day review period begins.

The 80-day review period for plan modification is similarly excessive, especially in the context that the SDA's should be able to readily modify the plan in response to changed circumstances.

PLANNING DATA

The JTPA definitions of eligible target populations do not always fit well with standard data bases used to determine targets for parity of service. It would be helpful if JTPA were refined to assure congruence in every instance.

Currently States depend on extrapolations of available data to establish these benchmarks. Services to displaced homemakers. There is substantial uncertainty about the appropriateness of funding programs to serve displaced homemakers under title III.

Some SDA's have argued that such persons should be classified as long-term unemployed and thus be eligible. We understand that at least one State, Florida, has accepted and implemented this viewpoint. We are reluctant to take this step lacking specific direction from the Federal Government or the general disclaimer suggested in our comments on the subject of role and authority of States in the context of Federal audits.

In conclusion, I would like to thank you for the opportunity to provide this threefold review of the JTPA Program in California and its effective progress to date. While there are all these areas that need additional attention, the initial indications are positive and a tribute to the results oriented effective partnership between the public and private sectors.

Thank you, Congressman Martinez.

Mr. MARTINEZ. Thank you, Mr. Teremina.

All right, Mr. Alloway.

STATEMENT OF ROSS ALLOWAY, VICE CHAIRMAN, CALIFORNIA STATE JOB COORDINATING COUNCIL

Mr. ALLOWAY. Good morning, Mr. Chairman, Mr. Hayes. I am Ross Alloway, the vice chairman and interim presiding officer of California's State Job Coordinating Council.

Mr. Chairman, I would like to take the opportunity and to thank you and other Members of Congress in your subcommittee for the leadership in addressing the problems raised by the unemployed. You and other Members of Congress are to be commended for your work in creating a milestone piece of legislation in the form of JTPA.

I am also happy to report that with Governor Deukmejian's support and attention, the Job Training Partnership Act is functioning well in California and is serving those it is intended to serve. The private sector is actively involved at all decisionmaking levels of the program.

We've accomplished much in our efforts to achieve coordination on unemployment and training and vocational education program providers. Also, we have been able to link and support economic development activities with JTPA funds around the State.

I do want to briefly address some of our accomplishments in these areas, and then address one concern which we trust your subcommittee will consider. The perspective and influence of the private sector is critical to the success of JTPA nationally and in California. Not only does the private sector oversight ensure that training will be offered in relevant occupations. They also bring a refreshing change to program planning, operations and valuation. In an effort to promote the active involvement of the private sector, the State Job Training Coordinating Council has established a private industry council—PIC—liaison committee as its direct communication link to the PIC's.

That committee chaired by private-sector representatives holds meetings throughout the State to keep the PIC's informed of the council's decisions and policies and to hear and bring back to the council local issues and concerns.

Also, the council has a quarterly newsletter which features articles about the private sector involvement in JTPA's, both from an individual and a company point of view. In addition, the council is providing video for use by council members, service delivery areas and PIC's to promote the active involvement of the private sector.

All these activities and more, we believe, are helping to create a positive environment for actively involving the private sector. The State Job Training Coordinating Council has gone on record in its support of economic development, and has used a 22-percent set-aside to support and encourage economic development activities.

JTPA funds support in part three rural small business assistance centers. The provision of an economic development technical assistance to SDA's through California's Department of Commerce, and additionally, since October 1983, we have made available approximately $2.8 million to SDA's for developing linkages with economic development activities through a request for proposal.

The State council and the administration feel that the efforts to improve the economic climate will result in more jobs in the private sector for eligible participants. We intend to continue our support for economic development and are confident that it will benefit the employee.

Recognizing that coordination of employment and training and vocational education activities throughout the State is critical if limited resources are to be used effectively, the council has established a coordination committee to examine and stimulate coordination at the State and local levels.

Through the committee, the council has brought about the development of an interagency agreement among ten State agencies, including the aforementioned employment and training panel. As a means of continuing and strengthening the dialog which began with the negotiation of that agreement, the council has established two policy advisory groups, one of representatives from local agencies and the other of State agencies, to advise the council of coordination issues at local and State levels.

The council has also extensively used the 22 percent set-aside to encourage linkages and coordination at the State and local levels. With the recent passage of the Carl Perkins Act, the council sees an even greater mandate and opportunity for developing meaningful linkages which will guarantee greater economies in the use of public funds while at the same time increasing services to the private sector and the unemployed in California.

The council strongly supports these kinds of legislative efforts to create linkages between education and training programs as a means of eliminating duplicative and overlapping services to the same groups of clients. The council also shares the concern that the job training partnership office has with the use of our 6-percent funds, and more importantly, with our disuse of our 3 percent older worker funds.

We would like to suggest as it relates to the 3 percent older worker funds that a couple of changes be considered. One, we urge the exemption of Social Security income from the eligibility criteria to determine if an older worker is eligible for entering JTPA under the 3-percent program.

Additionally, we would like to see the 10-percent window provided for in the title II–A programs also be provided for in our 3-percent program.

Additionally, we have a major concern with the coordination between title IV activities and other parts of the act. Sizable funds are spent in California in the title IV programs, yet there does not seem to be any national impetus to require coordination between these programs and programs offered under the other titles.

Title IV programs operate in the same communities that we have for title II–A, II–B, and III, court the same employers and train in the same occupations. In some cases the same clients are even served. We do not argue that the funding and grant approval process need change, but we do feel that the activities need to be coordinated.

We urge you to require review and comment by the SDA's and those areas where a title IV plan will operate and review and comment on the SDA plan by the title IV operators in that SDA.

In addition, the State council needs information about title IV programs so as to ensure a more coordinated use of our 22-percent set-asides, especially when considering the development of requests for proposal for the use of these funds.

This information is also essential in the development of policy recommendations for the integration and coordination of other Federal, State, and local employment and training programs operated within California.

Again, I do want to thank you, Mr. Chairman, Mr. Hayes, for your interest in the JTPA progress in California and for the opportunity you have provided me and the administration to share our accomplishments and concerns.

The partnership is working to our citizens' benefit. Thank you.

[Prepared statement of Ross Alloway follows:]

PREPARED STATEMENT OF ROSS L. ALLOWAY, VICE CHAIR AND INTERIM PRESIDING OFFICER, STATE JOB TRAINING COORDINATING COUNCIL, STATE OF CALIFORNIA

Good morning Mr. Chairman, members of the House Subcommittee on Employment Opportunities, ladies and gentlemen. I am Ross Alloway, Vice Chair and Interim Presiding Officer of California's State Job Training Coordinating Council. Mr. Chairman, I would like to thank you and the other members of your subcommittee for your leadership in addressing the problems faced by the unemployed. You, and the other members of the Congress are to be commended for your work in creating a milestone piece of legislation in the form of the Job Training Partnership Act.

I am happy to report that, with Governor Deukmejian's support and attention, the Job Training Partnership Act (JTPA) is functioning well in California and is serving those it was intended to serve. The Private Sector is actively involved at all decision making levels of the program, we have accomplished much in our efforts to achieve coordination among employment and training and vocational education providers, and we have been able to link and support economic development activities with JTPA funds around the State.

I will briefly address some of our accomplishments in these areas and then some concerns which we trust your subcommittee will address.

ACCOMPLISHMENTS

Private sector

The perspective and influence of the private sector is critical to the success of JTPA nationally and in California. Not only does the private sector's oversight insure that training will be offered in relevant occupations, they also bring a refreshing change to program planning, operations and evaluation. In an effort to promote the active involvement of the private sector, the State Job Training Coordinating Council (SJTCC) has established a Private Industry Council (PIC) Liaison Committee as its direct communication link to the PICs. That Committee, chaired by private sector representatives, holds meetings throughout the state to keep PICs informed of the Council's decisions and policies and to hear and bring back to the Council local issues and concerns. Also, the Council has a quarterly newsletter which features articles about private sector involvement in JTPA both from an individual and company point of view. In addition, the Council is providing a video for use by Council members, Service Delivery Areas and PICs to promote the active involvement of the private sector. All these activities, and more we believe, are helping to create a positive environment for actively involving the private sector.

Economic development

The SJTCC has gone on record in its support for economic development and has used the 22% setaside to support and encourage economic development activities. JTPA funds support, in part, three Rural Small Business Assistance Centers, the provision of economic development technical assistance to SDAs through California's Department of Commerce and has, since October, 1983, made approximately $2.8 million available to SDAs for developing linkages with economic development activities through a Request For Proposals. SJTCC and the administration feel that efforts to improve the economic climate will result in more jobs in the private sector for eligible participants. We intend to continue our support for economic development and are confident that it will benefit the unemployed.

Coordination of employment training and vocational education

Recognizing that the coordination of employment and training and vocational education activities throughout the state is critical if limited resources are to be used efficiently, the SJTCC established a Coordination Committee to examine and stimulate coordination at the state and local levels. Through the Committee, the SJTCC has brought about the development of an Interagency Agreement among the ten state agencies involved in employment and training and vocational education, including California's Employment Training Panel. As a means of continuing and strengthening the dialogue begun with the negotiation of that Agreement, the Council has established two policy advisory groups, one of representative local agencies, the other of state agencies, to advise it on coordination issues at the local and state levels.

SJTCC has also extensively used the 22% setaside to encourage linkages and coordination at the state and local levels. With the recent passage of the Carl Perkins Act, the Council sees an even greater mandate and opportunity for developing meaningful linkages which will guarantee greater economies in the use of public funds while at the same time increasing services to the private sector and unemployed in California. The Council strongly supports these kinds of legislative efforts to create linkages between education and training programs as a means of eliminating duplicative and overlapping services to the same groups of clients.

CONCERNS

Use of 6 percent technical assistance funds

SJTCC feels it is just prudent management to provide technical assistance to SDAs whose projected performance indicates that they will not be eligible for Incentive awards, not just provide technical assistance, after the fact, to those that did not meet the Incentive criteria. We also feel that it would be negligent to totally withold technical assistance from those SDAs that qualified for an Incentive award, but did not meet every criteria. The objective should be to improve performance in every area and to take action as soon as the need becomes evident. We are maintaining liaison with the Department of Labor to seek clarification on this issue.

Eligibility under 3 percent funds

We are sure that California is not alone in the problem it faces in recruiting older workers who meet the 3% eligibility criteria. While many potential participants in this category face difficult economic times, they fear loss of Social Security eligibility or a reduction in benefits if they gain earnings from jobs that result from JTPA training. In other cases, their small retirement incomes place them marginally over the 3% eligibility criteria. We urge you to exempt Social Security income from the eligibility criteria, or, at least allow the use of the 10% window for 3% funds (The 10% window cannot be used for programs authorized under Title I, but funded unter Title II). Eliminating Social Security income from the eligibility criteria will solve most of the recruitment problem; allowing the 10% window would not grant as much relief, but would help solve some of the enrollment problem and permit us to serve more older workers who are in need, but just above the income margin.

Lack of coordination between title IV and other parts of the act

Sizeable funds are spent in California in the Title IV programs, yet there does not seem to be any national impetus to require coordination between these programs and the programs operated under the other Titles of the Act. Title IV programs operate in the same communities as Titles IIA, IIB and III, court the same employers and train in the same occupations. In some cases, the same clients are served. We do not argue that the funding and grant approval processes need change, but we do feel that the activities need to be coordinated. We urge you to require review and comment by the SDA in whose area a Title IV Plan will operate and review and comment on the SDA Plan by any Title IV operator in the SDA. In addition, State Councils need information about Title IV programs so as to ensure a more coordinated use of the 22% setaside, especially when considering the development of Requests For Proposals (RFP) for the use of these funds. This information is also essential in the development of policy recommendations for the integration and coordination of other federal, state, and local employment and training programs operated within the state.

I thank you Mr. Chairman and subcommittee members for your interest in the state of the JTPA program in California and for the opportunity you have provided me and the administration to share our accomplishments and concerns. The partnership is working to our citizens' benefit.

Mr. MARTINEZ. Thank you, Mr. Alloway. Mr. Kilbert.

STATEMENT OF JERRY KILBERT, DIRECTOR, CALIFORNIA EMPLOYMENT PREPARATIONS DIVISION

Mr. KILBERT. Thank you, Chairman, Congressman Martinez, Congressman Hayes, and staff. My name is Gerald Kilbert. I am the director of the employment preparation division in the State department of education. I serve as the superintendent's designee to the State job training and coordinating council, and so my comments are on behalf of the superintendent and on behalf of the public education agencies of the regional occupational programs, the regular high school programs, and the adult regular programs and their vocational programs.

My comments today will address the coordination which is successful between the education agencies and the other employment training agencies, and I'd also like to discuss the Job Training Partnership Act 8-percent program and the successes and issues dealing with that.

JTPA came to us as a plan for coordination. In fact, as we read the conference report the conferees identified, and they set aside an 8-percent sum of money for that purpose, coordination with State education and training agencies.

In California, our State job training coordinating council heard that language of the conferees, and that council should be commended for taking the position of establishing a policy urging the coordination between our education agencies and the employment and training agencies.

The question is, is education and coordination and linkage successful in California? In general, the response I have to give is that is moderately so. We have some outstanding pockets of exemplary coordination which has occurred in this State.

We also have pockets of absolute refusal to coordinate between the public education agencies and the employment and training programs. There are some questions as to why do we have those pockets of refusal to coordinate, and probably the answer lies in that the public educational system has been established for many years and has a process whereby that system must report and must follow the rules and guidelines of all the codes, all the regulations.

They have their own boards of education, their own local control. They have difficulty at best with limited finances to release staff to work with the Private Industry Councils. They don't have the staff to respond to all of the RFP's that are necessary.

And so what we find oftentimes is that when we discuss fixing the price contracts, schools are reluctant to enter into them for fear of risking public funds, which they cannot do. We also find that those public education agencies are reluctant for several other reasons to become involved in an SDA—with the service delivery areas.

When they report to their own school board, then the local control issue is very real. We have local decisionmaking boards for education purposes. They make the decision as to what goes on in those public education agencies.

That has to be coordinated on an equal basis with the private industry councils, and sometimes that coordination is difficult to achieve. How's it working with the 80 percent funds? Well, California, we've set up a process where we allocate 50 percent of the funds by formula to the service delivery areas.

Thirty percent of the funds are available on a request for proposal basis, and then 20 percent provides for the administration of the State agencies, State education agencies, and for other statewide projects having statewide impact.

If we look at the 50-percent program that was funded in California, we find that 15 percent of those projects were solely for job-specific training, just like the programs funded under the 78-percent funds. No special coordination or no special efforts were accomplished with those dollars.

However, the good side is that 85 percent of those programs did have some elements of coordination and linkages between the education agency and the private industry councils.

Especially, I'd like to identify that we, as educators, are concerned of the quality of education programs in the employment and training area. Major issue is that we would like to see more competency-based educational programs. We'd like to see those programs involved with preemployment skills, with maturity skills and basic skills.

I think you've heard testimony earlier today that there are young people and older adults that cannot get into JTPA for lack of basic educational skills. They can't even meet the entrance—pass the entrance assessment test. We need to work on that, and we need the linkage of the public educational agencies in order to accomplish that.

There are some issues relative to the 50 percent that you need to be aware of. One issue in California is the fact that the public education agencies have looked at the definition of "local education agency" as defined in the Carl Perkins act, which is referred to by the Job Training Partnership Act.

And in there it states that the local education agency is a public education institution or agency having administrative control and direction of vocational education programs.

The California State Council took the position that local education agencies also include community-based organizations and private schools. We serve all three agencies, public education, private and CBO's.

And we serve them in equal ways. The concern is that public education agencies feel the 8 percent was dedicated to them for the coordination and linkages. It's a major issue.

Another issue, public education agencies feel they are not represented on private industry councils. We have private industry councils that have only a private school representative representing all of education. When that happens, the public education agencies feel that all of the problems and nuances and concerns that they have are not adequately represented.

Another issue is that 8 percent funds are being used in many cases in the same manner as the 78-percent programs. In the Early-Hawkins bill, House Resolution 5320, a forerunner of JTPA, language was included in there to require the prime sponsor to identify a description of the arrangements they would make in order to link the education community with the employment and training programs.

That language of course changed in the later versions and through the conference committee, but it should be noted that there was a set-aside for education. That set-aside was for the purpose of coordination linkages, and therefore there ought to be some credence given to the fact that those funds ought to be used differently than the rest of the 78-percent program.

Another issue is the reporting requirements in that the Department of Labor does not require the 8 percent to report on performance standards. However, in California we have a decision that we must report the 8-percent programs in the same performance standards.

What this encourages is that it encourages 8 percent just like the 78 percent, so you can get those kinds of figures. It often makes it difficult for SDA's when they gather their reports to determine where they want to report the placement, in a 78 percent program or an 8 percent program, when both funding sources are joined to make one good coordinated program.

Furthermore, it prevents what the 8 percent can do well, and that is serving the hardest at risk. We can serve those people with the 8-percent programs, but by the reporting requirements we're prevented to do so in some respects. Encouraged not to do so.

The 30 percent that deals with the RFP process. That has been working well. We have some of the same issues. However, the good parts of that program involve that the match that is determined in those programs comes directly in the program serving the same participants.

It's not an SDA-wide match. The private industry councils after a revision of the process this year redo all proposals before they go to the State level. We're serving rural areas. We are providing opportunities for funding to service providers who work in more than one SDA.

It's very difficult when there's a school district that is in two or three service delivery areas, because that district then has three private industry councils to deal with, three sets of policies, three sets of programs. The 8 percent allows for programs that could fund cost service delivery areas.

The 20 percent process has allowed for some Statewide priority programs in assessment, job placement, youth employment competencies and other areas. Coordination in California between the State education agencies and the training and employment programs is working.

The State council can be proud of the guidance that they've given to the education program, the 8-percent program in California. However, we believe that there are opportunities for improvement in that coordination process. We believe that public educational schools have and the private sector have a commitment to join their resources and take all the existing resources from education, as well as the resources in business, and serve the participants so desperately in need of the training that we have to offer.

My major recommendation is that we mandate that the 8 percent coordination linkage funds be used to supplement the regular 78-percent program, so that we bring about program improvement, we bring about the development of quality programs, that into all of these programs we instill competency-based education, an individualized approach, we assure that every JTPA participant receives basic skills and preemployment skills, maturity skills and the job development and placement so necessary for them to get a job and sustain that job and not come back to the system a second time.

We need assistance and guidance and counseling. We need new instructional programs. We have to use better instructional strategies. We have available to us the technologies of interactive video. We have all the video programs and the computerized programs available to teach basic skills.

They cost dollars. They require coordination, and we can do that with the 8 percent provided there was a requirement that these funds be used to supplement those 78-percent programs and not just supplant them.

Second, the other recommendation I'd like to comment upon is I'd recommend that all public educational agencies be receipients of the 8-percent funds. The intent of Congress early, the intent of the conferees, the intent of the early drafts of legislation, the Quayle, the Hawkins, the Jeffords bill, all of those bills referred to the linkage with the public educational agencies.

We would urge that they be the sole recipient of the 8-percent programs. Mr. Chairman, Congressman Hayes, I appreciate the opportunity to speak before you on behalf of Bill Honig, State Superintendent of Public Instruction.

[Prepared statement of Gerald Kilbert follows:]

Prepared Statement of Gerald H. Kilbert, Director Employment Preparation Division, California Department of Education, Sacramento, CA

Congressman Martinez and members of the committee, my name is Gerald Kilbert. I am the Director of the Employment Preparation Division within the California State Department of Educaton (SDE) and am charged with the responsibility of administering the Job Training Partnership Act (JTPA) 8 percent funds, also known as the State Education Coordination and Grants Funds (SECG). I represent all public education agencies as the designee of the Superintendent of Public Instruction, Bill Honig, on the State Job Training Coordinating Council. I am also president of the National Employment and Training Association which is an affiliate of the American Vocational Association representing 8 percent programs in education agencies throughout the United States.

My comments will address whether the coordination is successful between education agencies and other training agencies. I will also discuss the JTPA 8 percent programs in California.

CETA—JTPA TRANSITION

The problem of linking employment and training with existing educational institutions is not a recent development. The problem existed under the Comprehensive Employment and Training Act (CETA), so efforts were made to correct this problem in the new Job Training Partnership Act (JTPA).

The 1978 CETA amendments made specific efforts to link the CETA programs with educational institutions. The amendments to CETA provided 6 percent of the funds for the Supplemental Vocational Education Assistance program, 1 percent of the funds for Educational Linkage Grants and mandated that 22 percent of the youth funds be used to serve in school youth.

These amendments were not successful because they set up a parallel system to the existing education system which resulted in the following:

1. A duplicate expenditure of CETA dollars for services which already existed;
2. The inability to get more than minimal participation from local education agencies, resulting in limited accessability to the resources of the education system for CETA participants; and
3. A confusing and fragmented delivery system.

The debate on the new JTPA bill focused on these problems and on ways to address how the education coordination and linkage setaside could be used effectively. JTPA needed to respond to:

1. Adequately serving youth;
2. Emphasizing basic skills and work maturity skills for both youth and adults;
3. Serving those most in need first, rather than last;
4. Assuring that quality programs were being offered; and
5. Providing access to the resources of the existing education system.

JTPA—A PLAN FOR COORDINATION

The Congressional Record, September 28, 1982 reported the Conference Committee action on the JTPA: The conferees have agreed to combine the two percent and six percent setasides into a single grant of eight percent of Title I appropriations for coordination with state education and training agencies. Within this single setaside, 80 percent of the funds must be used for services to participants, while 20 percent of the funds may be used for technical assistance for activities such as professional development, job placement, counseling, and curriculum development.

The conference committee language and Section 123 of the JTPA were combined in California to establish a policy on the use of the State Education Coordination and Grants Funds (SECG 8 percent) recommended to the Governor by the State Job Training Coordinating Council (SJTCC), Discretionary Funds Planning Committee. The following purpose was approved on August 25, 1983, by the 8 percent Committee of the Discretionary Funds Planning Committee (SJTCC): The purpose is to provide for coordination and linkages between the job training programs and the educational programs within the Service Delivery Areas (SDA).

On September 8, 1983, the SJTCC voted to accept the 8 percent committee recommendation.

On April 12, 1984, the purpose of the SECG was more broadly defined by the Discretionary Funds Planning Committee, of the SJTCC: The primary purpose of SECG (8 percent) funds is to facilitate coordination and promote linkages among local education agencies and administrative entities in service delivery areas and provide services to participants through local education agencies by development of locally planned programs which:

(A) Further enhance coordination and promote linkages of local education agencies and service delivery areas.

(B) Foster enhancement of services through local education agencies by program improvement and program development and technical assistance.

(C) Provide services including education and training, to eligible participants through local education agencies.

Some of these funds may be targeted to focus on statewide priorities established by the SJTCC.

The method of distributing funds was also determined. Fifty percent of the funds are allocated by formula (same as 78 percent funds) to Service Delivery Areas, and 30 percent of the funds are distributed statewide through a request for proposal process, with the remaining 20 percent to be used for state administration and Education Statewide Priorities (ESP). These ESP programs must have statewide impact.

IS EDUCATION COORDINATION AND LINKAGE SUCCESSFUL IN CALIFORNIA?

Fifty Percent Allocated Portion:

Several issues related to the above question are outlined here. Currently these funds are providing education training and services to JTPA participants through a cooperative agreement between the SDE and the SDA administrative entity. The cooperative agreement describes the programs and services being funded in the SDA.

The 50 percent process, based upon our 1983-84 evaluation, funded many programs and services. Fifteen percent of the programs funded provided job specific training. The remaining 85 percent of the programs implemented competency based education and training services in order to improve the quality of educational services. The following components of a competency based system were funded:

Development of competency-based curriculum;
Counseling and guidance services;
Student assessment services;
Development of pre-employment competencies curriculum;
Development of work maturity competencies curriculum;
Development of basic education literacy competencies;
Job development;
Placement and follow-up services;
Program evaluation services;
Coordination services with the Employment Development Department;
Coordination between Private Industry Councils and industry; and
Purchases of equipment and materials to improve programs.

The issues relative to 50 percent of the funds include:

a. Many public educational agencies are concerned that these funds are not being used to assist them in coordinating with the employment and training agencies. These public education agencies contend that the definition of a Local Education Agency (LEA) in the JTPA refers to the same definition as in the Carl D. Perkins Vocational Education Act which defines LEA as "—public educational institution or agency having administration control and direction of a vocational education program." By policy of the SJTCC, the term Local Education AGency (LEA) used in the

JTPA is defined in California as any provider of training or services. Therefore, many private schools and community based organizations are being awarded 8 percent funds by the SDA instead of reserving those funds for public education agencies.

b. Public education agencies contend that they have limited, and perhaps no representation on local Private Industry Councils (PIC). Each PIC has a member representing education agencies within the SDA. However, the public education agencies usually include more than one high school or adult school district, Regional Occupational Program or Center, or community college. If only one PIC member represents all education agencies, including private schools and public schools, and if the PIC education representative is from a private school, there is not complete representation.

c. The match requirement appeared in the earliest bills as a means of linking employment and training with public education resources. The private schools and CBOs in California have had considerable difficulty in establishing an auditable match. Public schools, because of their organization and management systems, have an existing, easily documented match. Public education agencies contend that the match requirement supports their position that public schools should be receiving the 8 percent dollars.

d. The 8 percent funds are often used in the same manner as the 78 percent funds. In the early Hawkins' bill (HR 5320), the forerunner of JTPA, language required prime sponsors to include a description of the arrangements for coordination with education agencies, including vocational education. The match requirements and the definition of LEA in the JTPA were provided to achieve this goal.

Requests for Proposals (RFPs) are disseminated by SDAs for specific training needs, potential providers of services respond and a selection is made. Unfortunately, when an RFP process is used by the SDA which does not require using the 8 percent supplemental funds for increased coordination, but for training services, the intent of the early legislative language to fund program improvement and development services is not met.

e. The Department of Labor (DOL) does not require reporting the 8 percent performance standards. However, in California, the reporting requirements on 8 percent are identical to those of the 78 percent. This discourages using the 8 percent to augment programs and encourages using the funds for the same purpose as the 78 percent programs. When both 78 and 8 percent programs report the same performance standards, the counts are duplicative, incomplete and inaccurate.

The Thirty Percent Request for Proposal Process:

We have found that the 30 percent funding process has several advantages over the allocated funding process. In 30 percent programs, the match is generated in the same program and serves the same participants. This meets the original legislative intent to double the program resources and promote coordination with education agencies. The PIC reviews every proposal submitted prior to review at the state level to ensure that local needs are being met. We have found that more dollars go to rural areas than would have if they were allocated by formula. These dollars meet needs not being met through the allocated process, meet newly emerged needs and fund programs coordinated between multiple SDA's.

Some of the issues related to the 50 percent allocated funding process are also relative to the 30 percent funding process. The match is difficult for community based organizations and private schools to meet for the same reasons as previously stated. Because of the SJTCC policy on the definition of LEA, public education agencies feel that the dollars are not available to them.

Twenty Percent for State Administration and Education Statewide Priorities:

This portion of the 8 percent funds provides for the state personnel in the State Department of Education (SDE) to administer the program and provide technical assistance to all service providers, excluding the community college delivery system. The SDE coordinates with the Chancellor's Office of the California Community Colleges to administer the program serving California community colleges and provide those colleges with necessary technical assistance.

These funds are also available for use as described in the conference committee report of September, 1982 for professional development, job placement, counseling, and curriculum development. Several efforts in this direction have occurred including:

Ongoing inservice and development of handbooks related to job development and placement;

Ongoing inservice on assessment;

Ongoing inservice on Youth Employment Competencies;

Development of Computer Repair Curriculum;

Development of CAD/CAM Curriculum;
There are continuing needs in:
YEC (Youth Employment Competencies);
Job development and placement;
Assessment;
Counseling and guidance services;
Vocational English as a Second Language (VESL);
PIC/LEA coordination; and
Potential school dropouts.

Some of these funds were used for research. A total of six research proposals were funded to study coordination and youth employment issues. Additional funds were used for coordination activities meeting needs in the areas of support services, economic development, job development, and planning.

CONCLUSION

Coordination between state education agencies and training agencies is happening in California. However, the opportunity for coordination to be more successful is there. SDAs, PICs, public and private schools and businesses must commit their resources to continue to improve coordination and linkages.

As the administrative entity of the 8 percent funds, SDE would like to re-emphasize the most critical issues currently facing the 8 percent program:

1. The continued use of the State Education Coordination and Grants Funds (SECG) in a like manner and purpose as the 78 percent funds, without regards to the original congressional intent to fund education and training services through program improvement and development, diminishes the success of increased coordination between education agencies and JTPA programs.
2. The use of 8 percent funds for grants to other service providers diminishes the participation of local education agencies in providing coordinated services to JTPA eligible youth and limits the accessibility to public education resources.

RECOMMENDATIONS

1. Mandate that 8 percent coordination and linkage funds be used to supplement programs and services funded by the 78 percent funds through program improvement and development services.
2. Mandate that 8 percent funds be awarded only to public education agencies which can coordinate services and match JTPA funds with existing program resources to serve JTPA participants and encourage linkages with other local service providers.

Mr. Martinez. Thank you, Mr. Kilbert. So I might better understand, when you refer to using the 8 percent to supplement the 78 percent, I think what you're saying is that in so many cases they're being used in the same identical way, so what it really turns out to is just 86 percent.

Mr. Kilbert. Yes, sir.

Mr. Martinez. And you're suggesting that there is a mechanism by which we could define by regulation the establishment of a firm 8 percent for the particular use that it was intended for.

Mr. Kilbert. Yes. If the regulation were clear to that purpose, Mr. Chairman, I think that you would find you could access the resources of the public educational systems, not only in California but in the United States.

Mr. Martinez. Thank you.

Mr. Hayes.

Mr. Hayes. I have only one question, Mr. Chairman, thank you. Mr. Tamamina.

Mr. Teremina. Teremina.

Mr. Hayes. Teremina. Yes. On page 7 of your testimony, you indicate that the adjusted 40 percent expenditure requirement for youth is excessive. How would you modify this provision, and what action, if any, will the State take if more than half of the SDA's continue to fail to meet their youth expenditure goals?

Mr. **Teremina.** As a background, let me answer your question by saying that last week I attended a round table meeting at the Department of Labor in South Carolina——

[Discussion between participants.]

Mr. **Teremina.** Last week I attended a round table meeting at the Department of Labor in South Carolina where there were 18 State representatives to advise DOL on this program. This problem not only exists in California, it exists nationwide.

All States seem to have this problem, and it's hard to sit here and say that the solution is simply to reduce the percentage, although that might be one answer. We in California, I think, are around the 30-some percent level, so we're close.

We're closer than most States, but we still have problems meeting that 40 percent. One way possibly might be to give the Governor some discretion that he now does not have in the law. It's a complex problem and a complex area, because you really do want to keep this program focused on you and the disadvantaged, and yet this clear directive in the law, and there are areas that aren't clear, but this is one area that is, does seem to be causing immense problems for all States.

So I can't answer it any better for you than that. I do think there needs to be some addressing of this problem at the congressional level.

Mr. **Hayes.** You think it ought to be reviewed at least?

Mr. **Teremina.** At least.

Mr. **Hayes.** All right. I have no further questions. Thank you.

Mr. **Martinez.** Thank you, Mr. Hayes.

Let me ask you, the law stipulates 40 percent of the dollars. What if it stipulated 40 percent of the people served would be you? Would that change, especially if you consider that you're not then tying the dollars up, but you're trying to achieve a goal of reaching 40 percent of the total people served in that youth group?

And then that would entail, too, some problems, but——

Mr. **Teremina.** It would, I think.

Mr. **Martinez.** But would that be a more difficult problem than saying, "Hey, here's 40 percent. Now if you don't use that, what happens? It reverts?"

Mr. **Teremina.** I think it could create different problems. I'm not exactly sure what kind of problems they might create. See, part of the problem is that you have youth that move in and out of this much faster than adults do, plus the costs of addressing youths are higher——

[Simultaneous discussion.]

Mr. **Martinez.** Well, if they move in and out faster don't you get a greater percentage by bodies than by dollars?

Mr. **Teremina.** I think there should be a close look at that, if that is a possible solution. Maybe Mr. Kilbert——

Mr. **Martinez.** While you were talking, Mr. Hayes, it just struck me that, you know——

Mr. **Teremina.** It's an interesting possible solution.

Mr. **Martinez.** Thank you.

Mr. **Kilbert.** Mr. Chairman, may I add some comment, please?

Mr. **Martinez**. Go ahead.

Mr. **Kilbert**. In some—I think there was some discussion at one point about making that 40 percent of the youth. One of the difficulties with that is that in those large programs where it's job-search types of programs, you might serve many, literally thousands of youth throughout this Nation at a very low cost, and so you would end up perhaps serving—you could reach that 40 percent youth very easily, probably, based upon the low cost of that type of a program.

That has been debated several times.

Mr. **Martinez**. Well, that's certainly something we're going to have to look at, because we've heard this criticism at almost every hearing.

Senator **Greene**. On that point, Mr. Chairman, I just walked in, but Congressman Hayes asked me about it, and obviously if you're hearing it at other places in the Nation then we might be dealing with the same problem. From a legislative perspective, we're not sold on that.

I'm not saying it's not correct, but we don't know yet.

Mr. **Martinez**. Yes.

Senator **Greene**. And because we also have, and it's prevalent elsewhere in the States, you know, there isn't really a commitment to serving youth, just like there isn't a commitment to serving—and I'm not seeking to pinpoint any individuals—but I mean overall, I think we know this as a Nation, just like there's not a commitment to serve welfare.

At one time there was a commitment to serve blacks or browns—so we've gotten over those hurdles to a degree. I still am not convinced that the administrative arm, the bureaucracy out there, is really committed to serving youth and on that basis, fine, if we base it on how we've done business before, then you can make a case for it.

But as we know, we intended as policymakers at the Federal and State level that we go beyond what we did before, and for that reason I at least want to have it in the record of this hearing right after that comment.

I'm not saying it isn't correct, but I'm saying we haven't shown it yet, and I would like to wait until at least in California we can give you our read-out on it too.

Mr. **Martinez**. I think you're right, because Carole Schanzer has just handed me a note, and of course she's probably in great sympathy with Hawkins, feels it's probably true that we might reduce that portion of youth being served to 5 or 10 percent.

And I sure wouldn't want that, you know.

Senator **Greene**. You know, just like my own city there they talked about—and I'm sorry that I raised my voice a little bit out there, but, you know, they're bragging about serving 4,500 youth. I told them I'd be embarrassed to say that on the record; 4,500 in a city like Los Angeles? [Laughter.]

Senator **Greene**. Even in several congressional districts it's embarrassing. The only thing better than that is zero. I mean, the only thing worse than that is zero, so, you know, I'm not certain that the effort is being made there.

You know what I'm saying.

Mr. **Martinez**. And that could be a part of it. If you look at the unemployment figures for minorities, Hispanics, and blacks, nationwide, you're looking at a national average of over 10 percent.

And then you look at the youth unemployment rates; youth unemployment is about 18 percent. For Hispanic teenagers, the rate is about 22% and 42, 43 percent for blacks. So they're there. We've got to find a way to do it.

Senator **Greene**. And you can't say that they're uneducable or untrainable, because if they can go out and get into all this illegal activity and [Laughter.]

Senator **Greene** [continuing]. Run a business of dealing dope and what have you and do it on a businesslike basis, that's not somebody who is uneducable. They're just educated in the wrong areas.

Mr. **Martinez**. That's right.

To get around a burglar alarm system it takes some technical knowledge. [Laughter.]

Well, that's something we certainly are going to have to look at. I have one question for Mr. Alloway. This is something that we've heard continuously through the hearings we've held, and that's the unnecessary paperwork and the multiple tracking and reporting systems.

Would you agree that the multiple tracking and reporting systems for California creates bureaucratic and cost burdens for the service delivery areas in this State?

Mr. **Alloway**. The council's policy, and of course we have one of our three major responsibilities, one is to monitor, and the council's policy of course has been twofold: one to reduce as much paperwork as we possibly can, and two, to allow as much decisionmaking as we can to the local control, the local areas, the SDA's.

The PIC Liaison Committees that I talked about earlier have been out, and we have also heard this message loud and clear as you heard it today. It came out very, very strong at our last set of meetings, which was about 3 or 4 weeks ago.

We have asked our administrative entity to give to us a report of each one of the forms that are being required on a quarterly basis and to identify for us, please, the statute that requires that form, if you want to take a look at it.

But I do want to talk about a little concern I have here. I alluded to our 3-percent problem, our older worker, and I do think that it's a major problem. We're going to need to bring these people into the work force. We could not have identified that problem if we'd had a very broad reporting system.

That 3 percent would have just been folded in. I'd also like to comment that although Senator Greene is very correct that the State legislation does not mandate on us particular types of reporting, we do get a number of requests from legislators to see if we're serving a particular group within JTPA.

So there are two forces working here, and the council definitely is looking into it now, and we're quite concerned about it. It does need to be balanced, though.

Mr. **Martinez**. All right, thank you.

Well, thank you very much for appearing here and providing this testimony to us, and——

Senator **Greene**. Mr. Chairman, let me say Mr. Alloway is just taking over, and let me say for the record that the legislature is going to be working diligently under his leadership from the council to see if we can't really bring things forward by a couple of leaps.

He's perfectly qualified, knowledgeable in this area. We have a few problems here. Our position—and this is not to complain. This is just to say this is a troublesome kind of thing, and it holds out the prospect that positions haven't been filled, and maybe this is something you might look at too.

I really think that the level that people in the private sector come from has a tremendous bearing. If you take a gentleman like Mr. Alloway, well, you know, he runs his own system, and what have you. He has a background in education, the private sector, proprietary education and what have you.

So yes, you're dealing with a decisionmaker here. You're dealing with a corporate head, and I don't mean this to be degrading to the corporate people, but we really need decisionmakers. It doesn't mean that we don't get ideas from all over the place, but you need decisionmakers.

You also need private sector people that can take some time away from their business, because if it's being handled by the staff that's serving them then the bureaucracy's running it and not the private sector.

Mr. **Martinez**. That's right.

Senator **Greene**. And also in the private sector, what we do here is it doesn't mean just businessmen. That means labor, that means community-based organizations, everybody other than public officeholders or people from agencies, inclusive of educational agencies, everyone else here in California we look at as private sector, because they are a part of the private life out there, the private companies.

But Mr. Alloway, we're looking forward and we're going to be supporting you for real leadership here in California.

Mr. **Martinez**. That was a vote of confidence.

Mr. **Alloway**. Thank you.

Mr. **Martinez**. Thank you all for appearing before us.

The next panel, the last panel, starting with George Ortiz, president of the California Human Development Corp., Santa Rosa, CA. Mr. Ortiz, welcome.

Mr. **Ortiz**. Thank you.

Mr. **Martinez**. Robert Johnston, executive director of planning, Center for Employment Training, San Jose. Mr. Johnston, welcome.

Gus Guichard, executive vice chancellor, California Community Colleges, Sacramento.

Mr. **Guichard**. Guichard.

Mr. **Martinez**. Somebody wrote your name here wrong.

Mr. **Guichard**. Guichard.

Mr. **Martinez**. Look at that.

Mr. Guichard, welcome.

Mr. **Guichard**. Thank you.

Mr. **Martinez**. Any relation to Larry Guichard? Or Clarence?

Mr. **Guichard**. Not that I know of. [Laughter.]

Mr. MARTINEZ. Well, once Larry told me—he used to work for me when I was in Sacramento—that all Guichards were related.

Patricia Luce, executive director, National Office of Samoan Affairs, Inc., San Francisco, CA. Welcome, and we'll start with George Ortiz.

STATEMENT OF GEORGE ORTIZ, PRESIDENT, CALIFORNIA HUMAN DEVELOPMENT CORPORATION, SANTA ROSA, CA

Mr. ORTIZ. Thank you, Mr. Chairman, Congressman Hayes, Senator Greene, ladies and gentlemen of the panel. I'm George Ortiz, and I'm here representing three groups today, the California Human Development Corp. It's a large community-based organization implementing CETA, job training, employment and other human services for eligible residents of four Western States—not only here in California.

We operate in 32 northern California counties, but also in the States of Oregon, Washington, and Hawaii, and basically we deal with the title IV, section 402 JTPA work there.

That's working with migrant and seasonal farm workers.

Mr. MARTINEZ. George, let me interrupt you just 1 minute to announce that during this panel, Congressman Hayes has to leave to catch an airplane.

So at that particular time with the least disruption we'll excuse him, and thank Mr. Hayes for joining us today.

Go ahead, George.

Mr. ORTIZ. I'm also representing the—task force of the National Commission for Employment Policy, which is basically tracking what is happening presently between the transitions of CETA as an act and the JTPA programs.

And also I'm the chairman presently of la Corporativa Campesina de California, which is a statewide federation of nonprofit public entities which implement job training employment service to eligible migrant and seasonal farm workers in California.

And I serve, as I mentioned, as chairman of that board of directors. We testified concerning the Job Training Partnership Act's impact and especially its effects in rural areas of our country. If my testimony could be summarized in four words, it would be "Quick fixes don't work."

What I mean is that addressing long-term, long-evolving problems of structural unemployment—JTPA short-term narrow—job training programs simply cannot and will not do the kind of skill levels, educational foundations, an attitude required to make possible long-term employment at livable wages for members of America's underclass.

To reject that short-term approach to job training as akin to withholding plant food while raising roses—will die and never approach their potential. Most of these estimates in the crop will be effectively lost. You've saved a bit of money, sure—gained is the question.

In JTPA, we have a program that in my experience generally does not very well meet the spirit or the letter of its avowed purpose, to prepare youth and unskilled adults for entry into the labor force, because its approach is far, far too narrow and leaves unaddressed a whole range of problems in bureaucratese of barriers to employment that alone or in combination work very well to keep people unemployed.

And there's a need to improve JTPA's long-term effectiveness. I offer the following four suggestions, each a response to a specific JTPA problem that I will also delineate. Suggestion No. 1, from job training at a level adequate to address the documented needs.

According to the information I have, Mr. Chairman, we are only satisfying about 4 percent of the need. In other words, there's 96 percent of the people out there that are eligible for services that are not receiving them under the present levels of funding from the Federal Government.

No. 2, alter the orientation and increase the expertise of JTPA-established private industry councils to produce a broader vision of what serving the community really needs. What I mean by that is the private sector has 51 percent of the action, that's great.

But when they make mistakes on those that are the consumers, or supposedly 49 percent of the action, they're not, the consumers, close enough to holler and scream to tell them about it, so I'd like to see a little more action from the community-based organization.

Another ghetto body of groups in our country. More involvement if you will. Suggestion No. 3: Offer training that addresses the many factors beyond skill acquisition that work to keep a person unemployed. As we know, many of the women that are entering the labor force have problems with child care.

But in rural communities especially we have tremendous problems w8th transportation. We have a need to focus in on these problems.

So, Mr. Chairman, the skill acquisition is but one of the needs that I think are required under my suggestion. And suggestion No. 4, alter JTPA's fiscal and program requirements to better serve those most in need of vocational training and employment.

The word has popped up this morning several times about "creaming." The performance standards that are being placed on SDA's, PIC's, et cetera, are actually causing those groups to look for those that are easier to train. Therefore, those that I try to work with, that are much more difficult to train, the monolingual, the less educated, the people that have records, criminal records, etc., and have special problems are the ones that are being left to one side.

And those I submit to you are the ones that we should be working with and for, and that's the end of my testimony.

[Prepared statement of George Ortiz follows:]

Prepared Statement of George L. Ortiz, President, California Human Development Corp., Santa Rosa, CA

Representative Martinez, ladies and gentlemen, I am George Ortiz and am here representing three groups: California Human Development Corporation (a large community-based organization implementing JTPA job training/employment and other human services for eligible residents of four western states), of which I am President; the Practitioners' Task Force of the National Commission for Employment Policy, of which I am a member; and La Cooperativa (a statewide federation of nonprofit and public entities which implement job training/employment services to eligible migrant and seasonal farmworkers in California), for which I serve as Chairperson, Board of Directors.

I wish to testify concerning the Job Training Partnership Act's impact, and especially its effect in rural areas of our country.

If my testimony could be summarized in four words, they would be: "Quick Fixes Don't Work." What I mean is in addressing long-term, long-evolving problems of structural unemployment, JTPA's short-term, narrow, 12-or-so week job training programs simply cannot and will not produce the kind of skill levels, educational foundations, or attitudes required to make possible long-term employment at liveable wages for members of America's Underclass. To me, JTPA's short-term approach to job training is akin to withholding plant food when raising roses: a few will grow to maturity, but most will die or never approach their potential. Most of the investment in the crop will be effectively lost. You've saved a bit of money, sure, but what has really been gained? In JTPA we have a program that, in my experience, generally does not very well meet either the spirit or the letter of its avowed purpose to "prepare youth and unskilled adults for entry into the labor force . . ." because its approach is far, far too narrow and leaves unaddressed a whole range of problems ("barriers to employment" in bureaucratese) that, alone or in combination, work very well to keep people unemployed.

As a means to improve JTPA's long-term effectiveness, I offer the following four suggestions, each a response to a specific JTPA problem that I will also delineate.

Suggestion 1. Fund job training at a level adequate to address the documented need.

Suggestion 2. Alter the orientation and increase the expertise of JTPA-established Private Industry Councils to produce a broader vision of what serving the community really means.

Suggestion 3. Offer training that addresses the many factors beyond skill acquisition that work to keep a person unemployed.

Suggestion 4. Alter JTPA's fiscal and program requirements to better serve those most in need of vocational training and employment.

Suggestion 1.—Funding level:

It seems evident that one of President Reagan's goals in 1980 was to dramatically reduce funding for federal job training efforts, and he has been eminently successful. Funding is *much* lower than for the comparable training component of CETA, despite the intervening years having seen the highest unemployment rate since the Great Depression. Even now, with national unemployment hovering around 7%, the job training resources available do not begin to address the need. One study of 57 "service delivery areas" found that JTPA is reaching about 4 percent of the individuals eligible. The problem is especially acute in rural areas, because JTPA provides no pay nor, in most cases, any stipends for trainees. Enrolling in JTPA can saddle a rural trainee with backbreaking costs for such things as transportation, child day-care, and basic subsistence. Even though "needs-based payments" are made available by many service delivery areas, they tend to fall in the range of $20-$30 per week, making it nearly impossible for a poor person to remain in training and improve her/his employment status.

Suggestion 2.—Alter PIC orientation and increase its expertise:

Besides serving eligible farmworkers under JTPA Section 402, California Human Development Corporation and other members of La Cooperativa also work with local service delivery areas to develop and implement employment training programs for the general rural disadvantaged population. This experience leads us to several related concerns about the impact of local PICs on the training/employment needs of rural people.

The tone and focus of federal job training efforts have been changed—and not, I submit, to the benefit of either those most in need of training or of the community as a whole. This orientation differs markedly from my reading of the purpose of the Act to "establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment."

Why can't the PICs establish programs which further this purpose and meet the participant's needs? My experience is that PICs generally lack sufficient knowledge of JTPA and of the entire social spectrum of their communities. Few business people, for example, have an in-depth understanding about high school dropouts who lack the basic education skills required to compete in a tight labor market. Successful business leaders are, I submit, sometimes distanced from poor people and cannot be expected to know how such folks live or what they need, so PIC resources too frequently serve people who are easiest to train and place in jobs for which they might have already been competitive without PIC training. In the training/employment field we call this practice "creaming," and I believe JTPA has greatly increased its incidence.

Another problem faced by PICs due to JTPA's restrictions is the focus on short-term/quick-fix/least-cost approaches when more comprehensive services (e.g., additional instruction in basic education skills like reading, writing, and math) would generate graduates with far greater long-term employment prospects at a lower cost over the long term.

Another major problem for rural areas is that PIC members frequently appear to lack a full understanding of both JTPA and the duties/responsibilities of their membership. This has generated unnecessary restrictions on program operators, general confusion, service lapses, and a waste of valuable resources. PICs seem to need standardized training coordinated at either the state or federal level to supplement the guidance members receive from their staffs. Such an approach would, I believe, provide much more consistent implementation of JTPA, better conformity to the Act's purposes, and greater freedom for program operators in meeting community needs.

In short, I'm suggesting that we both widen our job training efforts to include a total education, skill development, and attitudinal approach and also somehow ensure that PIC members are sufficiently trained to know how to meet the requirements of the participant, JTPA, and the whole community.

Suggestion 3.—Address training factors beyond skill acquisition:

By definition, JTPA clients are both unemployed and poor, meaning that the personal costs (e.g., subsistence, child care, transportation, etc.) of participating in JTPA training can too often overwhelm even the most motivated trainee and force her/him to drop out.

The full-service approach I mentioned above would prevent such an occurrence by including a stipend sufficient for the participant to survive during training as well as adequate provisions for child care, transportation, and health needs. Admittedly, some service delivery areas permit "needs-based payments", but their amounts are acknowledged to be far too tiny for even an individual's survival, much less a family's. With single mothers well on their way to comprising the majority of the nation's poor, such an approach cannot realistically hope to address those most in need of job training and employment. And, of course, this analysis applies with equal validity to legitimate needs for child care and health. Why not make a true commitment to ensure that we fill training slots with those most in need (as well as ensure that they complete the training) by providing adequate allowances and supportive services? Why withhold the plant food? If we already agree that subsidized job training is needed in our society, why not make the additional investment to make job training lead directly to job security? Why set up people to fail?

4. Suggestion 4.—Alter the fiscal and program requirements to better serve those most in need of vocational training and employment:

You have all heard discussions of "creaming," or the concentration of training efforts on those most likely to succeed to the detriment of those most in need. I will therefore be brief and highlight the mechanisms that would bring services in line with the Act's purpose of affording job training ". . . to those economically disadvantaged individuals and other individuals facing serious barriers to employment who are in special need of such training to obtain productive employment."

The two most obvious causes of creaming are high performance standards for the populations ostensibly to be served and the predominance of fixed-unit price contracts for job training services. While these performance-based contracts help the service delivery areas to retain administrative funds, such contracts can easily place job training providers, especially non-profits, into very tenuous cash-flow situations. The risks include: 1) not receiving payment for non-completers, frequently those most in need; and 2) the organization's fiscal exposure created by payment plans which hold back most of the fixed unit price for job placement rather than paying for attainment of training benchmarks.

The clear result of these pressures is that many providers lack incentives to risk serving the most in need and are in fact often penalized (by lack of payment) when they do.

As a solution, I propose the following for your consideration:

A new payment plan could be added to contracts so that participants with objectively-defined barriers to employment (e.g., non-English monolingual, disabled, etc.) could receive expanded job training/employment assistance.

Increased payments could be made to the contractor at each stage of service to which the participant has progressed. Or a percentage bonus over the normal payment could be earned if a placed participant has some number of barriers to employment. Another bonus could be earned if the participant achieves, say, a certain reading or skill level above her/his entry level.

Requirements could also be instituted for service to participants with particular barriers.

Or we could somewhat reduce performance expectations if participants with particular barriers are served.

In conclusion, I repeat: "Quick Fixes Don't Work." We need to take the extra steps to make JTPA work as a model of success and efficiency by:

1. Fund job training at a level adequate to address the documented need.
2. Alter the orientation and improve the expertise of PICs to produce a broader orientation to what serving the community really means.
3. Offer training that addresses the many factors beyond skill acquisition that work to keep a person unemployed.
4. Alter the fiscal and program requirements to better serve those most in need of vocational training and employment.

Thank you for your consideration.

Mr. Martinez. Thank you very much, Mr. Ortiz. The next witness, Robert Johnston.

STATEMENT OF ROBERT E. JOHNSTON, EXECUTIVE DIRECTOR OF PLANNING, CENTER FOR EMPLOYMENT TRAINING, SAN JOSE, CA

Mr. Johnston. Congressman Hayes, Senator Greene, Representative Martinez, ladies and gentlemen, my name is Robert Johnston, and I'm here as a representative of the Centers for Employment Training. These are community-based organizations which for the past 18 years have provided occupational skill training coupled with skill-related remediation and language training to disadvantaged adults and youth.

We are nationally recognized for our program design that enables us to accept eligible participants without any qualifying tests, and then provide them with the competencies needed for stable employment into their chosen skill, and we do fully support the JTPA emphasis on performance and accountability.

In our program, basic education and language training are integrated into each occupational skill course, and are geared to employer requirements for that occupation. Last year we trained and placed over 2,000 persons; 65 percent of these were school dropouts, 40 percent were limited English.

And we achieved a 67-percent entered employment rate.

CET is currently a JTPA farmworker grantee for 18 southern and central coast California counties, but will receive slightly more funding as a subgrantee to most of the service delivery areas in which our 13 California training centers are located.

It is in this latter capacity as a subgrantee of SDA's that we wish to offer testimony today. In particular, we wish to testify regarding the relationship between the 15-percent limit on administrative costs, the fixed-fee performance contracting, cash flow and cost recovery problems of CBO's, and the pressures to cream which result from the performance contracting to a considerable extent.

Both the 15-percent limit on administration and the conversion of allowances to limited needs base payments were intended to ensure that more resources were devoted to the actual training of participants. But SDA's and their program operators have been spending 20 percent on administration, and the administrative requirements of the JTPA were substantially the same.

Furthermore, the reduction of allowances removed a segment of spending that had relatively low administrative costs. More and more SDA's are solving this problem by taking advantage of the performance contracting features which were carried over intact from the CETA regulations, not the act, but the regulations.

The administrative costs of the program operators are excluded from the 15-percent limitation if they negotiate a fixed unit price contract in which full payment is made only for participants who complete training and are placed into unsubsidized employment in a training-related occupation at a wage above that specified in the agreement.

In other words, a successful billable placement has to meet a lot of other requirements in addition to the CETA standards of entering unsubsidized employment. CETA believes that the issues and problems of fixed-fee performance contracting should be determined on their own merits, and that this form of subcontracting should not be used merely as a means to evade the 15-percent limit on administrative costs.

The immediate effect of performance-based contracting on both CBO's and on special school or college programs was that payment for services was delayed. In the nonprofit status of CBO's in particular, it allows them little opportunity to accumulate the working capital needed to finance such delayed compensation.

Performance contracting—I have more notes on that in my written testimony, on the cash-flow problems, but they are serious. If payment is delayed until 30 to 90 days after the training is completed, then costs are incurred over maybe a 5-month period.

In the case of our program, the cash-flow problems are considerable and have to be addressed at some point in time. Performance contracting also leads to even more serious cost recovery problems. National and State performance standards imposed on SDA's relate to the percentage and cost of persons entering employment.

If they are not met, the SDA's still recover their costs. In performance contracting, however, SDA's typically impose still higher standards on program operators, and also change the unit of measure from merely entering employment to, one, completing training, two, entering employment in a training-related occupation, three, at a specified wage, and four, something that's not even in the regulations, with 30 days or more of work attention.

These are all good objectives and all worth evaluating, but if we are even slightly below these more severe standards, we don't recover the costs that we have incurred. The cash flow and cash recovery problems that we face have serious policy implications.

Both CBO's and special programs in local education agencies have to generate income to pay their costs as they are incurred. If they cannot do so, they will not be able to continue providing services to JTPA.

If JTPA is to continue serving both the employer's need for dependable, well-trained employees and at the same time the needs of those who have missed the boat of economic opportunity, then it is necessary to strengthen and foster those institutional structures that have been most successful in meeting both needs and not allow them to atrophy because their cash flow and cost recovery needs were not even considered in the formulation of policy.

Another problem that we have experienced in the implementation of JTPA is the pressure to shift the clientele being served away from those traditionally served by community-based organizations and by special school programs—those traditionally served by schools and hired without special training by employers.

Performance-based contracting creates tremendous pressures on SDA's and providers alike to exclude from training those who are difficult to serve. The definition of economic disadvantaged is very broad. I have 11 children. Eight of them technically are qualified for JTPA. They're economically disadvantaged.

They're in school. They're pursuing degrees of one form or another, or they are traveling, or they are working in poverty programs. But they do not deserve the services of JTPA, and that's not who it was intended for. ETP, Senator Greene mentioned ETP.

It screens very, very heavily. You know, it's really an extension, and it's intended that way, it's an extention of the personnel department of the companies that are being served.

Every company, including our own, selects the best employees we can find. So there is a heavy amount of screening that goes on.

Senator GREENE. But they don't have a creaming problem.

Mr. JOHNSTON. No, they don't, because they—well, it's not termed "creaming," and it's part of their business to stay in business, is to get the best employees you can. So that's what——

Senator GREENE. But they have no failures.

Mr. JOHNSTON. Pardon me?

Senator GREENE. They have no failures.

Mr. JOHNSTON. Well, who has no failures, Senator?

Senator GREENE. ETP. Now, they might not complete the training, but those people go into a job.

Mr. JOHNSTON. Oh, I understand that. I'm not critizing ETP. I'm just saying that in the process of selecting participants in ETP, those persons who are drawing unemployment insurance, there is a rigid screening out of people who have low education levels, who have language difficulties and a number of other barriers to being integrated into our economic system.

Senator GREENE. No, they don't screen out. You're incorrect on that.

Mr. JOHNSTON. We're operating programs, and we have some very severe staff encouragement to screen——

Senator GREENE. Well, you mean you're doing it, but that's not the general practice.

Well, I can't argue with what you're doing, but that's not general practice statewide. I know that to be a fact, because you see, under that program we can catch them right away. We can track it right down to the individual.

So I mean, you're doing it.

Mr. JOHNSTON. No, sir. We're not doing it.

Senator GREENE. OK. But—well, I don't want you to have it in the record if that happens in ETP. I'm not saying you can't find an instance of it. But that does not happen in 1 percent of the cases. It can't happen.

Mr. JOHNSTON. Senator, I guess I don't want to get drawn into a discussion of ETP, and perhaps I shouldn't have brought it up as an example.

Senator **Greene**. Well, you're talking to a person that has policy responsibility for it in one house of the legislature, and I formulated the final language of that, so you really should be bringing it to my attention. It's your responsibility as a citizen, and a person operating one of those programs out there to bring it to my attention.

Mr. **Johnston**. I will do that. I would like to do that very much.

Mr. **Martinez**. I would suggest that you need to have further discussion, because if there is a misunderstanding of what the policy is, I think that should be cleared up.

Mr. **Johnston**. I guess in general whenever employers screen their job, the personnel people's job is to screen, and that's the point I was trying to make, is to screen the very best employees they can. If they screen——

Mr. **Martinez**. Of the employees they do have.

Mr. **Johnston**. Of the applicants. When they screen applicants, their job is to select, as my job if I were in personnel in my own company, is to screen into one company the very best people I can find, because it's our responsibility to do——

Mr. **Martinez**. Yes. I think that that is a completely different situation than the program of the Job Training Partnership Act.

Senator **Greene**. See, the reason I didn't want that in your record—that happened like—in other words, you accept of the body with a certain level of qualifications, so they placed them with you. But the rest they place them with me or someone else, and I don't mean that they're dumping them out. The total results is, you know, they're all placed.

Some of them bounce out of the program right into a job, so you do not have a general situation. You might have an individual corporation or industry that creamed off out of the total body, but the others get placed elsewhere, and I don't want it to show in your record as if some people just drift out into nowhere.

They do get placed.

Mr. **Martinez**. Well, you are now part of the record with that statement.

Mr. **Johnston**. I would like it to be in the record, though, if you don't mind, Senator, that the guidelines for eligibility for JTPA are very, very broad. Economic disadvantaged means only that they are living below the poverty level, which can be voluntarily or it can be institutionally imposed on them or for a lot of different reasons, and if they'd been unemployed for some 6 months——

Senator **Greene**. But that was intended to be that way, though.

Mr. **Johnston**. A very, very broad definition. There are many, many welfare recipients who have good education and are well able to cope with their mainstream systems, and my point is that the very limited vocational education dollars available to the Department of Labor should be targeted primarily toward the stable employment people who are structurally unemployed and the adults that are structurally unemployed and the dropout youth who are trying to function as adults.

I'm sorry if I've gone into a discussion——

[Simultaneous discussion.]

Mr. **Johnston** [continuing]. But that was the point I was trying to make.

Mr. **Martinez**. You should have made it that way the first time.

Mr. JOHNSTON. I agree.

Mr. MARTINEZ. Proceed.

Mr. JOHNSTON. Our recommendations are, one, that subgrants' administrative costs be either excluded or included in the 15-percent limitation for all types of contracts. Either alternative would separate the issues of performance contracting from those of administrative cost limits.

Two, when SDA's do select performance-based contracting they should be required to pass on to their subgrantees the same performance standards that they negotiate with the State. Performance-based standards should be low enough that if they are not met, the provider deserves to go out of business, because that is surely what will happen to CBO's who don't recover even a small portion of their costs.

And it's already caused a number of school districts and community colleges in our area to withdraw as service providers to JTPA. Three, we believe that the legislation should repeat in section 303(a)(i) the "most in need" language from section 141(a) and require States to establish a priority system for selecting eligible applicants who are most in need and who can benefit from JTPA's services.

Some SDA's are measuring performance not by improving their performance, not by modifying their delivery systems to meet the needs of those who are more disadvantaged, but by merely screening them out.

And this includes, in my opinion, dropout youth who can't pass the necessary entrance tests to get into skill training.

In conclusion, we have to state that some SDA's such as the balance of Santa Clara County have managed to meet State performance standards with very little creaming, and have tried within the limits of the regulations to meet both their own administrative cost needs and cash-flow and cost-recovery problems of service providers.

But even in the case of Santa Clara County, the problems of performance-based contracts as defined in the regulation are such that it would be better to tie performance to refunding decisions rather than to cost recovery.

And if it's tied to refunding decisions, accountability can still be imposed. CETA did not have very much teeth in terms of refunding decisions, but the SDA's themselves are refunded on the basis of prior performance.

But they still recover their costs. Under CETA the most successful programs were those operated by CPO's and those community colleges and school districts that have developed special programs tailored to the needs of the disadvantaged poor.

Under JTPA it is these very programs that are disappearing because of cash-flow and cost-recovery problems, and those that are left are by and large forced to cream.

Thank you for the opportunity to present this testimony.

[Prepared statement of Robert Johnston follows:]

Prepared Statement of Robert E. Johnston, Director of Planning, Center for Employment Training, San Jose, CA

INTRODUCTION

The Center for Employment Training (CET) is a community-based organization (CBO) which for the past 18 years has provided occupational skill training coupled with skill-related educational remediation and language training to disadvantaged adults and youth.

We are nationally recognized for our program design that enables us to accept eligible participants without any qualifying tests and then provide them with the competencies needed for stable employment into their chosen skill. Basic education and language training are integrated into each occupational skill course, and are geared to employer requirements for that occupation.

Participants who can move rapidly through the course material are allowed to do so and, conversely, participation time is longer for persons who have less ability, basic education deficiencies, or more personal problems. Finally Resource Counselors act as advocates to extract needed social services from family or the community so that participants can remain in training until they are placed in employment by CET Job Developers.

CET is currently a JTPA Title IV, Section 402 farmworker grantee for 18 Southern and Central Coast California counties, but we receive slightly more funding as a subgrantee to most of the Service Delivery areas (SDA's) in which our 13 California training centers are located, as well as from SDA's serving Tucson, Arizona, Yuma, Arizona and Nampa, Idaho.

It is in this latter capacity as a subgrantee of SDA's that we wish to offer testimony today. In particular, we wish to testify regarding the relationship between the 15 percent limit on administrative costs, fixed fee performance based contracting, cash flow and cost recovery problems of CBOs, as well as pressures to select eligible applicants who least need special services.

ADMINISTRATIVE COST LIMIT AND PERFORMANCE BASED CONTRACTING

Both the 15 percent limit on administration and the conversion of allowances to limited needs-based payments were intended to ensure that more resources were devoted to the actual training of participants. The reduction of administration at the SDA level from 20 percent to 15 percent may also have been intended to allow for the increased cost of adding another layer of administration at the state level.

SDAs immediately were faced with a problem. They and their program operators had been spending 20 percent on administration; administration requirements were substantially the same; and the reduction of allowances removed a segment of spending that had relatively low administrative costs.

SDAs solved the problem by taking advantage of the performance contracting features carried over intact from Comprehensive Employment Training Act (CETA) which were in the regulations, but not the Act. The administrative costs of program operators are excluded from the 15 percent limitation, if they agree to negotiate a single unit charge for training at a fixed unit price in which full payment is made only for participants who complete training, and are placed into unsubsidized employment in a training-related occupation at a wage above that specified on the agreement. In other words, a successful (billable) placement has to meet a lot of other requirements in addition to the CETA standards of entering unsubsidized employment.

SDAs are therefore negotiating more and more of their subgrants to meet the technical requirements of fixed unit price contracts in order to retain all allowable administrative costs for their own use. CET believes that the issues and problems of fixed fee performance contracting should be determined on their own merits and this form of subcontracting should not be used merely as means to evade the 15 percent limit on administrative costs.

CASH FLOW AND COST RECOVERY PROBLEMS

The immediate effect of performance-based contracting on both CBOs and special school or college programs was that payment for services was delayed. Some SDAs discontinued giving advances to meet current expenses. Progress payments were delayed by the need to provide proof of attendance or completion of various phases of training; and a portion of the fee was withheld until placement and (in California) proof of 30 days work retention. The cash flow problems are obvious, since it also takes at least 30 days for reimbursement after an invoice is submitted. The nonprofit status of CBOs allows them little opportunity to accumulate the working capital needed to finance such delayed compensation, and banks are reluctant to loan money to cover costs that may not be paid by the SDA.

Performance contracting also leads to even more serious cost recovery problems that are unrelated to meeting national performance standards. The SDAs penalty for non-performance is a one year probation followed by reorganization or defunding, if performance does not improve in the second year. But in the meantime they do recover all of their costs. On the other hand the program operator's penalty for even slight underperformance on a performance contract is that they do not recover their costs.

Lip service is sometimes paid to charging a fee high enough to cover this risk, but, in fact, line item budgets are typically required to support the fee charged, and these budgets do not normally allow for a risk factor or a "profit" or a fee high enough to build up the working capital needed to ensure adequate cash flow.

Furthermore contract provisions for payment are increasingly more complex. The definition of a "placement" is much more restricted; and SDAs typically impose more severe performance criteria in their performance contracts with program operators than are contained in their own cost reimbursement contracts with the state. Cost recovery has therefore become a serious problem even for program operators whose performance far exceed national and state performance standards.

The cash flow and cost recovery problems that we face have serious policy implications. Both CBOs and special programs in local education agencies have to generate income to pay their costs as they are incurred. If they cannot do so, they will not be able to continue providing services under JTPA. And yet these are the agencies that have been the most innovative in developing alternative structures to provide comprehensive occupational skill training, remediation and counseling to adults and youth who have not been successfully integrated into our mainstream educational and economic systems. Employers themselves do most of the occupation-specific training for all new employees, but only the largest employers are able to set up programs that deal effectively with the remediation and behavioral problems of the "hard core" unemployed. Likewise, mainstream educational agencies have had a difficult time serving those who are most in need of JTPA services.

If JTPA is to continue serving both the employer's need for dependable, well trained employees and at the same time the needs of those who have "missed the boat" of economic opportunity, then it is necessary to strengthen and foster those institutional structures that have been most successful in meeting both needs and not allow them to atrophe because their cash flow and cost recovery needs were not even considered in the formulation of policy.

PRESSURES TO CREAM

Another problem we have experienced in the implementation of JTPA is the pressure to shift the clientele being served—away from those traditionally served (for the past 15 years) by community-based organizations and by special school programs and towards those traditionally served by schools and hired without special training by employers. Some Private Industry Councils (PIC's) now openly advocate serving those who can most benefit from the training; some even offer skill training only to those persons who have a GED or who are high school graduates; employers naturally recruit the "best of the lot" for on-site training; and performance-based contracting creates tremendous pressures on SDAs and provides alike to exclude from training those who are difficult to serve. Many SDAs have also eliminated allowances without providing any needs-based payments at a time when welfare and other social services are being reduced.

We believe that the very limited vocational training dollars available to the Department of Labor under JTPA should be targeted primarily toward the stable employment of structurally unemployed adults and of drop-out youth who are trying to function as adults, since local vocational education funds are available for the mainstream population and are augmented by funds from the Vocational Education Act which has a much broader purpose than the Job Training Partnership Act.

RECOMMENDATIONS

1. Exclude subgrant administrative costs from the 15 percent limitation for all types of contracts, not just for fixed limit charge contracts. An alternative would be to include all types of contracts in the 15 percent limit on administration, but it is our sense that the addition of another (state) level of administration has increased the total administrative burden on SDA's. Either alternative would separate the issues of performance contracting from those of administrative cost limits.

2. When SDA's select performance-based contracting, require them to pass on to their subgrantees the same performance standards that they negotiate with the state. Performance-based standards should be low enough that, if they are not met, the provider deserves to go out of business because that is surely what will happen to CBOs who don't recover even a small portion of their costs. And it has already caused a number of school districts and community colleges to withdraw as service providers.

3. Repeat in Section 203(a)(1) the language from Section 141(a) requiring the states to establish a priority system for eligible applicants who are "most in need" and who can benefit from JTPA services. Some SDA's are measuring performance, not by modifying their delivery system to meet the needs of those who are more disadvantaged but by merely screening them out. Obviously there must be a balance between participant needs and the ability to meet those needs but we believe that JTPA with its limited funds should sharpen its focus by targeting those who are, not least, but less likely to become economically self sufficient without those services.

CONCLUSION

Some SDAs such as Balance of Santa Clara County have managed to meet state performance standards with very little "creaming" and have tried, within the limits of the regulations, to meet both their own administrative cost needs and the cash flow and cost recovery needs of service providers. But they were also performing well under CETA and had in place CBO's who were giving priority to the "hard to serve" and who had adapted their programs to meet the needs of those with language or education deficiencies. Even in the case of Santa Clara County the problems of performance based contracts (as defined in the regulations) are such that it would be better to tie performance to refunding rather than to cost recovery.

We know that we share these problems with other CBOs as well as with special school programs. Under CETA the most successful programs were those operated by CBO's and those community colleges and school districts that developed special school programs tailored to the needs of the disadvantaged poor. Under JTPA it is these very programs that are disappearing because of unintended cash flow and cost recovery problems.

Mr. MARTINEZ. Thank you, Mr. Johnston. Mr. Guichard?

STATEMENT OF GUS GUICHARD, EXECUTIVE VICE CHANCELLOR, CALIFORNIA COMMUNITY COLLEGES, SACRAMENTO, CA

Mr. GUICHARD. Thank you, Mr. Chairman, Senator Greene. I'm Gus Guichard, executive vice chancellor of the California Community Colleges, and as the chancellor-designee on the State Job Training Coordinating Council and the sole representative of postsecondary education on the council, I appreciate this opportunity to share with you my observations of the operation of JTPA in California.

I need to emphasize, however, that I speak from the point of view of postsecondary education as a service provider. Overall, I feel that the operation of the Job Training Partnership Act is positive.

I believe that the JTPA Program in California has to a significant degree attained most of its early objectives. It is soundly operated, fiscally secure and demonstrates a positive overall placement rate which exceeds the Secretary's performance standards.

Individuals have been able to gain employment and raise their standard of living, and we in the colleges have been able to assess and provide training to match individual needs.

An example of this exists at neighboring East Los Angeles College, with their very exemplary assessment center. JTPA is an improvement over CETA, yet there are some current and projected problems which need attending, particularly from the perspective of public education.

This is the critical time to do it, because I believe firmly that the good placement rate is in large part due to the nonjustifiable approach on the part of SDA's to train and place those eligible individuals most easily trained and placed.

But now, with close to 2 years' operation, many SDA's will have to focus their training on the harder to serve and the structurally unemployed, the population with the greatest needs in the area of basic skills and motivational support.

Here I believe the need for the education link will be most crucial. Community colleges have a great deal of experience, and I believe expertise, in these areas. Colleges have developed numerous programs as a result of experiences with retraining programs resulting from plant closures and other economic disruptions.

I believe that these programs would be of value to service delivery areas in meeting the needs of their clients. I want to emphasize that I take very seriously the concept of partnership embodied in JTPA, and my perspective of the public side of that relationship includes all of the public funded agencies that have resources to contribute to the JTPA's objective of training and placement of eligible participants.

Obviously among those publicly funded agencies are the local public educational agencies, and particularly the community colleges for which I have some statewide responsibility. My observations have forced me to conclude that there is underutilization of California's public educational agencies as full partners in this vital enterprise.

To be specific, California's 106 community colleges represent a formidable and available vocational education and training resource costing the taxpayers of this State some $500 million annually, and I am dismayed to hear that these resources are on occasion ignored and often in favor of duplicative and costly alternatives.

We obviously should not set up a competitive system at the Federal or State level and for the benefit of cost-effectiveness and a cost-effective use of limited resources we must not set up competitive systems at the local level.

Title II-A funds, both the 78 percent and the State education coordination grants, 8 percent, as well as title III, should be aggressively used to leverage additional and, I would emphasize, available resources in public educational agencies.

It's probably undeniably true that many operations and perceptions were carried over from CETA and carried forward under the JTPA. So where there was earlier limited use of community colleges or of other public educational agencies, this may not have been corrected in light of the decidedly different thrust of JTPA, which is the partnership concept.

Contributing some confusion in California was what I believe to be an unnecessary extension of the LEA definition to include community-based organizations and proprietary institutions under 8-percent money, and while I agree that the local decisionmaking should prevail in those areas of JTPA which require it, I believe that State councils themselves have the responsibility to point out and to encourage nonduplicative use of resources.

There should be, from my point of view, regulatory or statutory clarification of congressional intent to use publicly funded resources to a maximum as a planning strategy of first resort. Another partnership gap exists, it appears to me, in failing to maximize the linkage between the Carl Perkins Vocational Education Act and JTPA.

There needs to be a closer relationship between public education and JTPA in the use of vocational education funds. From my reading of the act, more than 50 percent of the Vocational Education Act funds are targeted to populations and areas that are also served by JTPA.

Without effective partnerships, this provides an opportunity for duplication and overlap of training and service areas and could possibly even result in actual competition for the same clients under vocational education and JTPA.

I do have some specific recommendations which I would like to share you which I think speak to this major issue of coordination and better use of publicly funded resources. In the area of underutilization of public education resources, it seems to me that section 107[c] of the act could be revised and strengthened to allow public educational service providers the first opportunity to provide the needed training and educational services.

And a simple way of doing that would be to include the word "public" in that section, and also to perhaps put in another section which I've detailed in the testimony, the written testimony I provided which would allow the SDA's to go to other entities if the public educational agencies were unable to provide those services as an agency of first resort.

Second, and this is something that's not popular to discuss, but I'll brave it through anyhow, there are some local politics that affect funding decisions. I'm sure that comes as a great surprise to all of you.

Occasionally cities and counties have been able to retain what I would call CETA-like influence on the SDA funding decisions, due in part no doubt to the loyalties of members arising out of the appointment process, and often to the disadvantage of education providers and the clients themselves.

One way of helping to correct that would be to modify the law, perhaps to add a new subsection to section 102(c) which would require each PIC to have at least one standing committee, then to designate that one standing committee—they, obviously, could have more if they wish—but to designate that one standing committee to be chaired by the PIC education member and to be comprised of local public and private education representatives.

Obviously, the purpose of such a committee would be to provide on an ongoing basis insight into—that would help with programmatic decisions. Third, I would suggest that—and consistent, I see, with my colleague Mr. Kilbert on this—that public education agencies are simply not sufficiently represented on the PIC, and once again, the section 102(c) could be modified to require that there be additional educational representatives.

Now, lest you feel that I make these recommendations out of a pure sense of bias and turfdom, I want to point out to you what has already been in part pointed out to you, and that is our reading of the congressional background to this act suggests to us that it was clearly the congressional intent that public education be made an active partner in the process.

My reading of what has happened is that it did not become an active partner, and the understanding of that active partnership goes to the purpose of maximizing what are, obviously, limited resources in this area. Lastly, I would suggest that there needs to be, and this is consistent with this approach, an aggressive use of the 8-percent State education coordination and grant funds to develop the needed coordination and linkages between public education and the SDA's.

These funds were not, in my opinion, set aside for the purpose of providing additional training and services of the kind which are provided with the 78-percent funds, but they were in fact set aside to provide a source of funds to develop the partnership and increase the participation of public education in this area.

I wish to conclude where I began. There are significant accomplishments with the implementation of this act, and many needy persons have been assisted into unsubsidized employment. However, the public education agencies have not been the full partners which Congress had envisioned. We are now entering what I would call a second phase where the resources for education will be more critical because the training will of necessity focus on the hard to serve.

It is now time to modify the act or modify regulations to help secure these resources for a more effective partnership between the SDA's and public education.

Thank you, Mr. Chairman and members, for this opportunity to present these views of the public education providers.

Mr. MARTINEZ. Thank you, Mr. Guichard. Patricia Luce.

STATEMENT OF PATRICIA LUCE, EXECUTIVE DIRECTOR, NATIONAL OFFICE OF SAMOAN AFFAIRS, INC., SAN FRANCISCO, CA

Ms. LUCE. Mr. Chairman, the Honorable Congressman Martinez, representatives of the Subcommittee on Employment Opportunities and the Honorable Senator Greene, I wish to acknowledge our traditional representatives who joined me today.

We would like to extend to you appreciation for inviting us to share with you our experiences, our findings and our recommendations. My name is Pat Luce. I am the executive director of the National Office of Samoan Affairs. I address you today for the purpose of amendments to the current Job Training Partnership Act.

Specifically, to amend the native American provision of the Job Training Partnership Act in order to expressly authorize that American Samoan peoples in the United States will be deemed eligible for these important programs.

A review of data concerning the unique socioeconomic situation of American Samoans in the United States, their needs and the services currently available, indicate a clear need for JTPA legislative modification. The special difficulties faced by American Samoans residing in the United States sets us apart from other populations.

American Samoan natives exhibit problems in dimensions beyond those generally associated with other impoverished populations, and the magnitude of those problems is greater than that encounted by other disadvantaged groups.

For example, according to the 1980 Census Bureau, the percentage of American Samoans living in poverty in the United States is 27.5 percent, compared to 9.6 percent for the total U.S. population. The incidence of extreme poverty for American Samoans is 140 percent higher than for the country as a whole.

The large family sizes and the low income place many American Samoan families below the established poverty levels. According to the 1980 census, about 21 percent of American Samoan families in California are below the poverty level compared with 8.7 percent of California families.

In Hawaii, 37.4 percent of American Samoan families live below the poverty level, compared to 7.8 of all families. The unemployment of American Samoans in the United States is much higher than the general population. Based on the 1980 census, the unemployment rate among American Samoans indicates that 9.7 of all American Samoans in the labor force are unemployed.

In California, 10.1 percent of all American Samoans in the labor force are unemployed, a rate of 150 percent of the overall State unemployment rate of 6.5 percent. In Hawaii, unemployment rate for American Samoans is 10.2 percent, more than double the rate of the State as a whole.

American Samoans in the United States experience a number of barriers to employment that make it particularly difficult for them to participate effectively in local labor markets. Structural barriers to employment are compounded by cultural and environmental factors.

Relatively low levels of educational attainment and English-language proficiency exacerbate the difficulties for American Samoans seeking employment. Problems associated with lack of experience and training appropriate to the U.S. job market, poor job search skills, and uneffective program designs have the multiple effect of precluding American Samoans from obtaining access to current JTPA employment and job training services.

The findings of the Department of Labor study indicate that Samoans are not making dramatic inroads into local labor markets, and predict that, based on demographic factors, the problems currently exhibited by American Samoans will continue into the future.

Unless American Samoans receive sufficient training and education, they will remain at a disadvantage in labor markets that are becoming increasingly competitive. By any measure of eligibility, American Samoans in the United States should be beneficiaries of existing educational and job training programs.

Various studies have shown that American Samoan adults encounter difficulties in finding and maintaining jobs because they lack training, job information, and knowledge on how to access resources, providing training and employment information.

But American Samoans in general do not utilize educational training and employment services commensurate with their numbers of needs, according to the DOL-commissioned study. As it is implemented, the Job Training Partnership Act exists to provide employment and training services to individuals and groups with socioeconomic characteristics, such as American Samoans.

How is it that American Samoans have failed to benefit from these programs in proportion to their needs? The Job Training Partnership Act provides a range of programs such as the 8 percent, 3 percent, 78 percent, and so forth, for which most American Samoans qualify but few actually benefit.

The inability to benefit in proportion to need derives from several sources. The relatively few Samoan organizations available to propose programs to local PIC councils and the criteria used by PIC in consideration of funding or de-funding programs.

Unfortunately, available evidence indicates that the present and future needs of American Samoans residing in the United States cannot be effectively met by existing JTPA services.

The Department of Labor found that personnel in existing services and programs know little about the unique aspects of Samoan culture and tradition. Research also indicates that there have been few outreach efforts and only isolated attempts to hire American Samoan program staff or to increase American Samoan participation in programs.

Due to these failures, local American Samoan communities lack knowledge about the range of existing services and consequently, participation is low. To date, only one American Samoan community-based agency has been funded under the JTPA.

On the other hand, those programs do not offer ESL training targeted for American Samoan-speaking adults and youths. Since many American Samoans require language training, in addition to technical training, they cannot easily participate in other programs lacking an English-Samoan bilingual component.

In addition, the scarcity of American Samoan organizations makes it difficult to increase the visibility of American Samoan communities and economic needs in California and elsewhere. Those American Samoan communities have never been successful in their efforts to secure any funding for programs under the 22 percent JTPA Title II-A moneys allocated at the discretion of the Governor of California or other States.

Criteria used to evaluate funding and refunding of programs under JTPA can actually work against the hard-to-train, hard-to-place person. Placement rates, positive termination rates, and cost per placement or positive termination are several important criteria used by PIC in their evaluation of existing or proposed training programs.

Existing programs would tend not to recruit hard-to-place persons, because the presence of these persons in their programs jeopardizes ability of that program to meet prescribed placement rates.

And programs which intend to provide services for hard-to-train persons may have or propose an unacceptable high-cost replacement, as additional training resources and personnel are added to the program.

As the data indicate, American Samoan communities in the United States have high proportions of hard-to-train, hard-to-place persons. Because of the JTPA funding evalation criteria, this makes American Samoans high-risk participants in programs sponsored by the general community.

And these same criteria makes American Samoan community-sponsored program high-risk compared to programs which serve other minorities. It is for these reasons that the proposed amendment to JPTA is so important to American Samoans in the United States.

As proposed by Senator Inouye and Members of the House, we greatly support that amendment to the existing JTPA program in order to include provisions authorizing American Samoans to—afford American Samoans an equal opportunity for benefits under JTPA in proportion to their needs.

The proposed amendments are consistent with the historical precedents of the U.S. Government designed to protect the people of American Samoa. American Samoans are legally recognized as nationals of the United States, and authority over American Samoa is vested in the President.

With more American Samoans living in the United States than in American Samoa, the Government of the United States through these amendments will extend statutory recognition to the American Samoans who have migrated to the United States from the island territory.

We believe that there is a strong underlying legalized moral basis to support the contention that a special trust relationship exists between the U.S. Government and the American Samoans. Based upon similar criteria, such a a relationship was found to be present with regard to American Indian tribes, Alaskan Natives, and native Hawaiians.

Therefore, we urge full support in amending the JTPA to include American Samoan natives. Thank you very much.

[Prepared statement of Pat H. Luce follows:]

Prepared Statement of Pat H. Luce, Executive Director, National Office of Samoan Affairs, San Francisco, CA

SUMMARY

Amend the Native American provision of the Job Training Partnership Act (JTPA) Public Law 94-300—our Federal Employment and Training Program, in order to expressly authorize that American Samoan peoples in the United States will be deemed eligible for these important programs.

I. INTRODUCTION

Review of data concerning the unique socioeconomic situation of American Samoans in the United States, their needs and the services currently available, indicate a clear need for JTPA legislative modification.

Findings obtained from the U.S. Department of Labor's comprehensive study of Unemployment, Poverty and Training Needs of American Samoans reinforce this contention. American Samoans residing in the United States experience severe employment problems and have special unmet employment and job training needs.

Furthermore, it appears that current and future employment and job training needs of American Samoans cannot be met through existing JTPA policy.

Therefore, based on the United States historical obligation to American Samoans, federal legislation to authorize their eligibility for JTPA programs is an essential and appropriate remedy to address the unique employment needs of these Native American peoples.

II. SOCIOECONOMIC STATUS OF AMERICAN SAMOANS

The special difficulties faced by American Samoans residing in the United States set them apart from other populations in the United States. They exhibit problems in dimensions beyond those generally associated with other impoverished populations in the United States. According to most indicators, however, the magnitude of problems facing American Samoans is greater than that encountered by other disadvantaged groups. Compared to other groups in the United States they are at greater risk of living in poverty and/or experiencing higher rates of unemployment and educational deprivations.

American Samoans, migrating to the United States mainland during the past 25 years, have experienced considerable difficulties in receiving training and employment in the labor market. Major obstacles they face are: limited education, lack of marketable skills, absence of fluency in English, inappropriate cultural expectations about work in a competitive technological society and lack of information on available resources.

According to estimates based on the 1980 Census of the United States, between 40,000 and 50,000 American Samoans (based on the estimated rates of undercount) now live in the United States. Most American Samoans live in California and Hawaii, primarily the Honolulu, Los Angeles-Long Beach, San Francisco-Oakland-San Jose, and San Diego regions.

American Samoans are a relatively small population; however, they have high proportions of persons and families with serious economic disadvantages, according to a 1984 study, by the Northwest Regional Educational Laboratory, commissioned by the U.S. Department of Labor. Characteristics include: low levels of education, high unemployment, low per capita and household incomes.

Less than two-thirds of the American Samoan population in California, 25 years old and over, are high school graduates. The situation is similar in Hawaii, where only about one-half of the American Samoan population (25 years old and over) have completed high school. Compared to other ethnic groups surveyed in the 1980 Census, American Samoans have not only the lowest rate of high school graduation but also the lowest rate of continuation in school by adults 20 years old and over. A disproportionately small number of American Samoans continue their education into post-secondary levels.

Income is quite low, by any measure. The per capita income for American Samoans residing in the United States is $3,573, according to the 1980 Census, exceeding only that of the Vietnamese. Among American Samoans in California per capita income is about $4,000. Among American Samoans in Hawaii, the per capita income, about $2,700, is less than that of any other ethnic group surveyed. Low per capita income is caused by high unemployment rates, employment in low-paying occupations, and high fertility rate; and, it has the consequence that many American Samoan families live in poverty. The percentage of American Samoans living in poverty in the United States is 27.5 percent compared to 9.6 percent of the total U.S. population. The incidence of extreme poverty for American Samoans is 140 percent higher than for the country.

As at the 1980 Census, the unemployment rate among American Samoans was estimated at 10 percent a rate of 150 percent of the over-all State unemployment rate of 6.5 percent. Among American Samoans in Hawaii, 10.2 percent of American adults were unemployed, more than double the rate of the State as a whole.

The majority of employed American Samoan adults work in occupations that typically pay low wages, frequently at minimum wage. American Samoans are concentrated in service occupations, operators, fabricators, and general laborers. Those American Samoan adults who are more literate in English find employment in clerical and other office occupations. Employment of Native American Samoans in administrative, managerial, professional, or technical occupations are scarce or nonexistent in the United States.

American Samoans are a youthful population with a relatively high fertility rate, even among the migrant population in the United States. The median age of American Samoans in the United States is about 19 years. And, the average fertility rate for American Samoan women, upon completing child-bearing years, is over 4 children. The implications are clear: a rapidly increasing population of American Samoans in the United States during the next several decades. Hayes and Levin, in a report submitted with the DOL-commissioned study, estimate that this population could grow to between 84,000 and 182,000, depending on assumed rates of migration and natural increase.

The large family sizes and the low incomes place many American Samoan families below the established poverty levels. According to the 1980 Census, about 21 percent of American Samoan families in California are below the poverty level, compared with 8.7 percent of all California families In Hawaii, 37.5 percent of American Samoan families live below the poverty level, compared with 7.8 percent of all families.

III. EMPLOYMENT AND JOB TRAINING NEEDS OF AMERICAN SAMOANS

By any measure of eligibility, American Samoans in the United States should be beneficiaries of existing educational and job training programs. Various studies have shown that American Samoan adults encounter difficulties in finding and maintaining jobs, because they lack training, job information, and knowledge of how to access resources providing training and employment information. But, American Samoans, in general, do not utilize educational, training, and employment services commensurate with their numbers or needs, according to the DOL-commissioned study.

As it is implemented, the Job Training Partnership Act exists to provide employment and training services to individuals and groups with socioeconomic characteristics such as the American Samoans. How is it that American Samoans have failed to benefit from these programs in proportion to their needs?

The Job Training Partnership Act provides a range of programs (Titles IIA, IIB, and III) for which most Samoans qualify, but few actually benefit. The inability to benefit in proportion to need derives from several sources: the relatively few Samoan organizations available to propose programs to local Private Industry Councils, and the criteria used by PICs in consideration of funding (or, defunding) programs.

The National Office of Samoan Affairs, established in 1976, has, to date, been the only Samoan community-based agency to be successfully funded under the JTPA. At the present time, two programs are funded in the State of California: an ESL (English as a Second Language) occupational classroom training program (funded under 78 percent Title IIA monies), and a Summer Youth Employment Training Program (funded under Title IIB) monies. The Title IIA program will serve approximately 20 adults over the course of the program year; the SYETP will serve a maximum 60 youths this summer. These numbers are far fewer than the thousand of American Samoan adults and youths, in each urban area in California, who are eligible for JTPA assistance.

Few American Samoans participate in JTPA programs, which are not run by American Samoan agencies. On the one hand, those programs have never made a demonstrated, concerted effort to recruit American Samoan eligibles, when so many other minorities have eligible members. American Samoan communities are comparatively small, and do not seem politically significant when compared to other minorities. On the other hand, those programs do not offer ESL training targeted for American Samoan-speaking adults and youths. Since many American Samoans require language training, in addition to technical training, they cannot easily participate in other programs lacking an English/Samoan bilingual training component.

In addition, the scarcity of American Samoan organization make it difficult to increase the visibility of American Samoan communities, and economic needs, in California and elsewhere. Thus, American Samoans communities have never been successful in their efforts to secure any funding for programs under the 22 percent JTPA Title IIA monies, allocated at the discretion of the Governor of California and other States.

Criteria used to evaluate funding, and re-funding, of programs under JTPA can actually work against the hard-to-train, hard-to-place person. Placement rates, positive termination rates, and cost per placement (or, positive termination) are several important criteria used by PICs in their evaluation of existing or proposed training programs. Existing programs will tend not to recruit hard-to-place persons, because the presence of these persons in their programs jeopardizes the ability of that program to meet prescribed placement rates. And, programs which intend to provide services for hard-to-train persons may have, or propose, and unacceptably high cost per placement, as additional training resources and personnel are added to the programs.

As the data indicate, American Samoan communities in the United States have high proportions of hard-to-train, hard-to-place persons. Because of JTPA funding evaluation criteria, this makes American Samoans "high risk" participants in programs sponsored by the general community. And, these same criteria make American Samoan community-sponsored programs "high risk" compared to programs which serve other minorities.

It is for these reasons that the proposed amendments to the Job Training Partnership Act are so important to American Samoans in the United States. As proposed by Senator Inouye in S.73, Sections 401(a) (1), 401(c)(1)(B), and 401(h)(1) of the Job Training Partnership Act will be amended to include provisions authorizing programs for American Samoans. Similar amendments appear concurrently before the

House. These amendments will afford American Samoans an equal opportunity for benefitting from the JTPA in proportion to their needs.

The proposed amendments will remove the political barriers which have prevented greater participation of JTPA American Samoan eligibles. The fact that the American Samoan population is small compared to other groups competing for limited JTPA funds will cease to be a reason that JTPA fails to benefit American Samoans.

The proposed amendments are consistent with the historical precedents, of the United States government, designed to protect the people of American Samoa. American Samoans are legally recognized as nationals of the United States, and authority over American Samoa is vested in the President of the United States. With more American Samoans living in the United States than live in American Samoa, the Government of the United States, through these amendments, will extend statutory recognition to American Samoans who have migrated from American Samoa.

Most importantly, the amended Job Training Partnership Act will be an important step in addressing the needs of a group with documented and training needs. American Samoans face significant disadvantages in the urban labor markets of the United States. Low levels of educational attainment and limited English language proficiency contribute to this disadvantage; employment in low-level occupations, which offer little substantial on-the-job training, compounds the disadvantages.

JTPA funded programs—which address this specific combination of inadequate educational preparation, limited English proficiency, and non-substantial on-the-job training among American Samoans—are urgently needed. Technical staff, knowledgeable of the unique labor market situation of American Samoans, have not yet been trained. And, the few JTPA funded programs for American Samoans are grossly inadequate for the scope of the problem.

With a burgeoning American Samoan population, increasingly large numbers of American Samoans with employment and training needs will never receive adequate service, unless action is taken now. The proposed amendments to the Job Training Partnership Act will provide a stable funding source, and technically specific programs, required for employment and training services delivery to American Samoans in the United States.

We believe that there is a strong underlying basis to support the contention that a special trust relationship exists between the United States Government and the American Samoans. Based upon similar criteria, such a relationship was found to be present in regard to the Federal Government and the Indian Tribes, Alaskan Natives and Native Hawaiian.

Mr. MARTINEZ. OK? Senator Greene.

Senator GREENE. No, no. I was whispering in his ear. I said you made it just in time.

Mr. MARTINEZ. Yes; just about. We had originally scheduled this till 1, and we've got just a few minutes. I'd like to ask Mr. Ortiz one question. From your experience with the section 402 programs and Hispanic workers, can JTPA be modified to provide greater assistance to those applicants? Short of providing more money?

Mr. ORTIZ. Can it be modified——

Mr. MARTINEZ. Those particular people, yes. You've made some recommendations in the back, and they're all aimed at doing that, but specifically, of all those things what would your number one recommendation be?

Mr. ORTIZ. Well, one of the problems we have, Congressman Martinez, is that the Department of Labor has, because of the legislation, has—disrupted the count for farm workers nationally. We used to count farm workers nationally under the Social Security data.

Now we count them under the decennial Census. Overnight we reduced the count from 1.7 million to 540,000 persons. Not only that, but the Department of Labor decides to include growers into the count, and because of that we had to go to court this past year.

Judge Harold Green in Federal Court in Washington, DC elected to not deal with it legally, because he didn't think that it would be proper to second-guess the administrative policy decision of the Department of Labor. We went then to the court of appeals, and they basically gave us a draw.

They would not decide one way or the other. What we're saying right now is that in fact that the way farm workers are counted under the decennial Census, it's like taking a snapshot of a football game at halftime, because the Census count is due in April and at that time that's when farm workers are not in fact out in the fields, and they're not visible, not being counted, obviously.

We have a very large number of minority people that work the fields in our country, and they are by and large—there's a distance between the Census counters and those communities, so if we could do one thing to help farm workers, we should try to the best of our ability to get an accurate count of these people.

I would dare say that if we did find out—I'll give you an example of what I'm talking about. In California we have our farm workers' unemployment insurance benefits. We count over 600,000 in California alone that are farm workers.

And in the Census, we have substantially less than that. Matter of fact, we're qualifying only about 42 percent or 42,000 of them as eligible for CETA services. So we do have that kind of a problem facing us. Now they've formed a task force within the Department of Labor to study this, to get a better balance.

California because of the decennial Census went from 21 percent of the total pot of money that was available under title IV, section 402 to 8 percent. We submit to you that that is totally unfair, and our Congressional delegation, including yourself, Congressman, voted and signed a petition against this act on the part of the Department of Labor.

So I would think that it would be one area, how to deal with the special need of counting migrants and seasonal workers in agriculture is paramount.

Mr. MARTINEZ. Yes; it's interesting that you raise that question, because it has been uppermost on several of our minds.

Mr. Johnston, it's been talked about, and several people have commented on it here today, about the performance-based contracting, and those applicants that they selected are more likely to succeed, and it's been suggested that, you know, initially in the beginning of this program, and I think that Mr. Ortiz related to the quick fix, and I did want to make a statement on that.

And I remember during the press conference some of the press were critical of the legislation, and in fact at that time the administration opposed it. Later they embraced it and almost made it their own program, but it was referred to 'Isn't this really just a quick fix, a political football that you're using to get Democrats elected?'

These weren't the chairman's exact words, but the gist of it was that he didn't think that it was a quick fix for everybody. Certainly for some it might be, but that more importantly, it was an interim experience at a desperate time when something had to be done, anything just so that we could get some people employed quickly on short training programs.

And that maybe that from there we went on to better programs, and so now I think it's appropriate that we're looking at those harder-to-train and harder-to-qualify people. What is your response to that?

Mr. **Johnston**. I think that Senator Greene's comment about the lack of a full employment policy in the United States is a well-thought-out comment, because in fact there is no full employment policy in the United States, and there is an inherently consistent logic which says if everybody can't be employed, let's employ the ones that are most useful to the economy.

And I think the State of California is doing a lot. Senator Greene, I know, is deeply involved. Senator Lockyer and others are deeply involved in legislation trying to address the needs of the economy in California in terms of international competition, in terms of dislocation of workers, and in terms of welfare, cutting caseloads and getting welfare people back to work in the available jobs.

I think the very limited—and I guess the Vocational Education Act, the Carl Perkins Vocational Education Act, has a lot of funding in it devoted to utilizing the mainstream and to leveraging the mainstream educational systems to benefit those people that are in those systems and to help them to stay in those systems.

I think the very limited Department of Labor money, very, very limited in terms of the need in the country, should be devoted to funding catch-up systems that for one reason or another people who have—and that's where I think the equity, equality of opportunity is a very important principle in our way of life, in our country, in our economy.

And I think the very limited amount of education money that is available should be targeted primarily toward achieving equality of opportunity for people that have missed the boat, and that catch-up systems, whether it be in the public school systems, and there's been a lot of creative work done in community colleges and even in high schools, or in adult education programs, to try to create special programs that really do, the institution responds to the need of the individual rather than the individual having to fit into the needs of the institution, into the pattern of the institution.

So that's a long answer. I'm sorry.

Mr. **Martinez**. No.

Mr. **Johnston**. But the point is that there's no reason for us to exist, really, unless we as institutions are trying to respond individually to the needs of individuals, and to me that means take them as they come, so you don't set them up for failure, provide what they need.

Give those that take longer time longer time. If they have a lower educational background, provide the remediation, don't try to educate them, you know, for its own sake. That comes later. Try to give them whatever basic education is needed for that particular job.

And that's the kind of catch-up systems that there are very few of in this country, very few, and they need support.

Mr. **Martinez**. Yes; I think more and more we're finding that training in itself is not the answer for long-term employment.

Mr. **Johnston**. You have to respond to the need, you have to respond to the people themselves, what they see as their need. They see their need as "I don't have a job."

Then you have to first respond to that need. Our success rate with welfare, for instance, and with dropout youth, you know, is within 5 percent of any other segment. If we really do respond to somebody's own self-perceived need.

Mr. **Martinez**. Ms. Luce, you mentioned the lack of basic skills among the Samoans, but that's an old experience for the blacks and the Hispanics who in the course of many years were denied the opportunity to education, and when they were given education it wasn't an equal education to what everybody else was getting.

And I think that Mr. Guichard touched on it. There's a need for education to be a process of education, because more and more, as I sit at these hearings of the different committees on education and labor, we hear all of the experts attesting to the fact that if people are going to be fully utilized and given a chance to realize their full potential, that we need to provide them with the resources to do so.

We get them in at the first level of need, but there should be a continuing resolution on our part to see that they can have an opportunity, even though they're fulfilling that basic need, to go on to achieve a greater potential if they have it.

And the suggestions you make in here are well founded, and I will certainly carry them back. Would you agree that JTPA could use an educational component to assist those applicants who require those long-term basic skills?

Ms. **Luce**. Yes; anything would be helpful. I believe that the program that I spoke of that was funded was in coordination with the community college in San Francisco and—Los Angeles. But I think with the kind of depth needs that our community has we'll need to go beyond that.

We're having some problems even with the Department of—the DOL study alludes to, you know, the correlation of education and employment training opportunities, that there definitely is a correlation that goes between the two, but they also found the educational system wanting in reference to our own community.

Mr. **Martinez**. Well, the program certainly needs some work, and with that, I'd like to conclude today's hearing with any questions or comments by Senator Greene.

Senator **Greene**. Mr. Chairman, let me indicate to you, Ms. Luce, I underline on page 5 here where you related to our discretionary fund, and I have the authority to rearrange that budget, and as I said, I will be joining the Council.

I would recommend that you talk with Mr. Alloway here and introduce yourself to him, and find out how to get in touch with him, and we'll see what we can do in terms of the discretionary money and next year's budget, and maybe we might be able to put something which of course he would handle that.

At this point we've let go our hold on the money until next January, but we'll have it fully in our hands next January, and I'll give you a commitment right here on the record: you will be given some aspect of that discretionary fund as far as California's concerned.

And however, if we could work something out now and put it together now and have a piece that's—we could help to that degree, and I frankly apologize to you that we didn't think of it ourselves.

Mr. **Martinez**. With that I'd like to——

Senator **Greene**. Thank you for letting me sit with you, Mr. Chairman, and I hope I didn't end up taking too much time. As I stated, I was hearing this side for the first time myself, but I can assure you and assure everyone I have enough foundation to go to work on come September.

Mr. **Martinez**. Well, Bill, it's always a pleasure being with you, and we appreciate your participation, and we appreciate the fact that you were willing to come and spend your time with us to help us get educated about some of the aspects of California's plans.

I appreciate all of you being here. I'd like to thank the minority staff for sending representation. Beth, thank Mr. Jeffords. Carole, thank Gus for sending you down to monitor what's going on. I'd like to thank our staff, Genevieve Galbreath, Eric Jensen, for putting this hearing together and making it a success, and thank all of you again.

[Whereupon, at 1:10 p.m., the hearing was closed.]

[Text of Public Law 97-300 follows:]

PUBLIC LAW 97-300—OCT. 13, 1982

JOB TRAINING PARTNERSHIP ACT

Public Law 97-300
97th Congress

An Act

Oct. 13, 1982
[S. 2036]

To provide for a job training program and for other purposes.

Job Training Partnership Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

29 USC 1501 note.

SECTION 1. This Act may be cited as the "Job Training Partnership Act".

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STATEMENT OF PURPOSE

29 USC 1501.

SEC. 2. It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment.

AUTHORIZATION OF APPROPRIATIONS

29 USC 1502.
Post, pp. 1358, 1368.

SEC. 3. (a)(1) There are authorized to be appropriated to carry out part A of title II and title IV (other than part B of such title) such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(2) From the amount appropriated pursuant to paragraph (1) for any fiscal year, an amount equal to not more than 7 percent of the total amount appropriated pursuant to this section shall be available to carry out parts A, C, D, E, F, and G of title IV.

Post, pp. 1368, 1380, 1381, 1383, 1387, 1390.

(3) Of the amount so reserved under paragraph (2)—

(A) 5 percent shall be available for part C of title IV, and

(B) $2,000,000 shall be available for part F of title IV.

Post, p. 1364.

(b) There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

Post, p. 1364.

(c) There are authorized to be appropriated to carry out title III such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(d) There are authorized to be appropriated $618,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year, to carry out part B of title IV of this Act.

Post, p. 1347.

(e) The authorizations of appropriations contained in this section are subject to the program year provisions of section 161.

DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply: 29 USC 1503.

(1) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law and regulation and the requirements of an accredited educational agency or institution in a State.

(2) The term "administrative entity" means the entity designated to administer a job training plan under section 103(b)(1)(B).

(3) The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under part A of title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary. Determinations of areas of substantial unemployment shall be made once each fiscal year.

(4) The term "chief elected official" includes—

(A) in the case of a State, the Governor;

(B) in the District of Columbia, the mayor; and

(C) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the governing body.

(5) The term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provide job training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, National Council of La Raza, 70,001, Jobs for Youth, organizations operating career intern programs, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, agencies serving the handicapped, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations), and organizations serving nonreservation Indians (including the National Urban Indian Council), as well as tribal governments and Native Alaskan groups. 29 USC 706.

(6) Except as otherwise provided therein, the term "council" means the private industry council established under section 102.

(7) The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments)

which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

(9) The term "Governor" means the chief executive of any State.

(10) The term "handicapped individual" means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

(11) The term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

(12) The term "institution of higher education" means any institution of higher education as that term is defined in section 1201(a) of the Higher Education Act of 1965.

20 USC 1141.

(13) The term "labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such areas shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

(14) The term "local educational agency" means such an agency as defined in section 195(10) of the Vocational Education Act of 1963.

20 USC 2461.

(15) The term "low-income level" means $7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

(16) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent "lower living family budget" issued by the Secretary.

(17) The term "offender" means any adult or juvenile who is or has been subject to any stage of the criminal justice process for whom services under this Act may be beneficial or who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

(18) The term "postsecondary institution" means an institution of higher education as that term is defined in section 481(a)(1) of the Higher Education Act of 1965.

20 USC 1088.

(19) The term "private sector" means, for purposes of the State job training councils and private industry councils, persons who are owners, chief executives or chief operating officers of private for-profit employers and major nongovernmental employers, such as health and educational institutions or other

executives of such employers who have substantial management or policy responsibility.

(20) The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(21) The term "Secretary" means the Secretary of Labor.

(22) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(23) The term "State educational agency" means such an agency as defined in section 195(11) of the Vocational Education Act of 1963. 20 USC 2461.

(24) The term "supportive services" means services which are necessary to enable an individual eligible for training under this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act. Such supportive services may include transportation, health care, special services and materials for the handicapped, child care, meals, temporary shelter, financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through cash assistance.

(25) The term "unemployed individuals" means individuals who are without jobs and who want and are available for work. The determination of whether individuals are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

(26) The term "unit of general local government" means any general purpose political subdivision of a State which has the power to levy taxes and spend funds, as well as general corporate and police powers.

(27)(A) The term "veteran" means an individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

(B) The term "disabled veteran" means (i) a veteran who is entitled to compensation under laws administered by the Veterans' Administration, or (ii) an individual who was discharged or released from active duty because of service-connected disability.

(28) The term "vocational education" has the meaning provided in section 195(1) of the Vocational Education Act of 1963.

TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

ESTABLISHMENT OF SERVICE DELIVERY AREAS

SEC. 101. (a)(1) The Governor shall, after receiving the proposal of the State job training coordinating council, publish a proposed designation of service delivery areas for the State each of which— 29 USC 1511.

(A) is comprised of the State or one or more units of general local government;

(B) will promote effective delivery of job training services; and

(C)(i) is consistent with labor market areas or standard metropolitan statistical areas, but this clause shall not be construed to require designation of an entire labor market area; or

(ii) is consistent with areas in which related services are provided under other State or Federal programs.

(2) The Council shall include in its proposal a written explanation of the reasons for designating each service delivery area.

(3) Units of general local government (and combinations thereof), business organizations, and other affected persons or organizations shall be given an opportunity to comment on the proposed designation of service delivery areas and to request revisions thereof.

Request. (4)(A) The Governor shall approve any request to be a service delivery area from—

(i) any unit of general local government with a population of 200,000 or more;

(ii) any consortium of contiguous units of general local government with an aggregate population of 200,000 or more which serves a substantial part of a labor market area; and

(iii) any concentrated employment program grantee for a rural area which served as a prime sponsor under the Comprehensive Employment and Training Act. *Post*, p. 1357.

(B) The Governor may approve a request to be a service delivery area from any unit of general local government or consortium of contiguous units of general local government, without regard to population, which serves a substantial portion of a labor market area.

(C) If the Governor denies a request submitted under subparagraph (A) and the entity making such request alleges that the decision of the Governor is contrary to the provisions of this section, such entity may appeal the decision to the Secretary, who shall make a final decision within 30 days after such appeal is received.

(b) The Governor shall make a final designation of service delivery areas within the State. Before making a final designation of service delivery areas for the State, the Governor shall review the comments submitted under subsection (a)(3) and requests submitted under subsection (a)(4).

(c)(1) In accordance with subsection (a), the Governor may redesignate service delivery areas no more frequently than every two years. Such redesignations shall be made not later than 4 months before the beginning of a program year.

(2) Subject to paragraph (1), the Governor shall make such a redesignation if a petition to do so is filed by an entity specified in subsection (a)(4)(A).

(3) The provisions of this subsection are subject to section 105(c).

ESTABLISHMENT OF PRIVATE INDUSTRY COUNCIL

29 USC 1512. SEC. 102. (a) There shall be a private industry council for every service delivery area established under section 101, to be selected in accordance with this subsection. Each council shall consist of—

(1) representatives of the private sector, who shall constitute a majority of the membership of the council and who shall be owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector executives who have substantial management or policy responsibility; and

Term.

(f) Members shall be appointed for fixed and staggered terms and may serve until their successors are appointed. Any vacancy in the membership of the council shall be filled in the same manner as the original appointment. Any member of the council may be removed for cause in accordance with procedures established by the council.

(g) The Governor shall certify a private industry council if the Governor determines that its composition and appointments are consistent with the provisions of this subsection. Such certification shall be made or denied within 30 days after the date on which a list of members and necessary supporting documentation are submitted to the Governor. When the Governor certifies the council, it shall be convened within 30 days by the official or officials who made the appointments to such council under subsection (d).

(h) In any case in which the service delivery area is a State, the State job training coordinating council or a portion of such council may be reconstituted to meet the requirements of this section.

FUNCTIONS OF PRIVATE INDUSTRY COUNCIL

29 USC 1513.

Sec. 103. (a) It shall be the responsibility of the private industry council to provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area in partnership with the unit or units of general local government within its service delivery area.

(b)(1) The council, in accordance with an agreement or agreements with the appropriate chief elected official or officials specified in subsection (c), shall—

(A) determine procedures for the development of the job training plan, which may provide for the preparation of all or any part of the plan (i) by the council, (ii) by any unit of general local government in the service delivery area, or by an agency thereof, or (iii) by such other methods or institutions as may be provided in such agreement; and

(B) select as a grant recipient and entity to administer the job training plan (which may be separate entities), (i) the council, (ii) a unit of general local government in its service delivery area, or an agency thereof, (iii) a nonprofit private organization or corporation, or (iv) any other agreed upon entity or entities.

(2) The council is authorized to provide oversight of the programs conducted under the job training plan in accordance with procedures established by the council. In order to carry out this paragraph, the council shall have access to such information concerning the operations of such programs as is necessary.

(c) For purposes of subsection (b), the appropriate chief elected official or officials means—

(1) the chief elected official of the sole unit of general local government in the service delivery area,

(2) the individual or individuals selected by the chief elected officials of all units of general local government in such area as their authorized representative, or

(3) in the case of a service delivery area designated under section 104(a)(4)(A)(iii), the representative of the chief elected official for such area (as defined in section 4(4)(C)).

(d) No job training plan prepared under section 104 may be submitted to the Governor unless (1) the plan has been approved by the council and by the appropriate chief elected official or officials specified in subsection (c), and (2) the plan is submitted jointly by the council and such official or officials.

(e) In order to carry out its functions under this Act, the council— Budget.

(1) shall, in accordance with the job training plan, prepare and approve a budget for itself, and

(2) may hire staff, incorporate, and solicit and accept contributions and grant funds (from other public and private sources).

(f) As used in this section, the term "oversight" means reviewing, monitoring, and evaluating. "Oversight."

JOB TRAINING PLAN

SEC. 104. (a) No funds appropriated for any fiscal year may be provided to any service delivery area under this Act except pursuant to a job training plan for two program years which is prepared in accordance with section 103 and which meets the requirements of this section. 29 USC 1514.

(b) Each job training plan shall contain—

(1) identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

(2) a description of the services to be provided, including the estimated duration of service and the estimated training cost per participant;

(3) procedures for identifying and selecting participants and for eligibility determination and verification;

(4) performance goals established in accordance with standards prescribed under section 106;

(5) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

(6) the budget for two program years and any proposed expenditures for the succeeding two program years, in such detail as is determined necessary by the entity selected to prepare this portion of the plan pursuant to section 103(b)(1)(B) and to meet the requirements of section 108;

(7) a description of methods of complying with the coordination criteria contained in the Governor's coordination and special services plan;

(8) if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of individual service delivery area programs, including—

(A) assessments of needs and problems in the labor market that form the basis for program planning;

(B) provisions for ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market; and

(C) coordinated or joint implementation of job development, placement, and other employer outreach activities;

(9) fiscal control, accounting, audit and debt collection procedures to assure the proper disbursal of, and accounting for, funds received under this title; and

(10) procedures for the preparation and submission of an annual report to the Governor which shall include— Report.

(A) a description of activities conducted during the program year;

(B) characteristics of participants; and

(C) the extent to which the activities exceeded or failed to meet relevant performance standards.

(c) If changes in labor market conditions, funding, or other factors require substantial deviation from an approved job training plan, the private industry council and the appropriate chief elected official or officials (as described in section 103(c)) shall submit a modification of such plan (including modification of the budget under subsection (b)(6)), which shall be subject to review in accordance with section 105.

REVIEW AND APPROVAL OF PLAN

29 USC 1515.

SEC. 105. (a)(1) Not less than 120 days before the beginning of the first of the two program years covered by the job training plan—

(A) the proposed plan or summary thereof shall be published; and

(B) such plan shall be made available for review and comment to—

(i) each house of the State legislature for appropriate referral;

(ii) appropriate local educational and other public agencies in the service delivery area; and

(iii) labor organizations in the area which represent employees having the skills in which training is proposed; and

(C) such plan shall be reasonably available to the general public through such means as public hearings and local news facilities.

Publication.
Submittal to Governor.

(2) The final plan, or a summary thereof, shall be published not later than 80 days before the first of the two program years and shall be submitted to the Governor in accordance with section 103(d)(2). Any modification shall be published not later than 80 days before it is effective and shall be submitted to the Governor in accordance with such section.

(b)(1) The Governor shall approve the job training plan or modification thereof unless he finds that—

(A) corrective measures for deficiencies found in audits or in meeting performance standards from previous years have not been taken or are not acceptably underway;

(B) the entity proposed to administer the program does not have the capacity to administer the funds;

(C) there are inadequate safeguards for the protection of funds received;

(D) the plan (or modification) does not comply with a particular provision or provisions of this Act or of regulations of the Secretary under this Act; or

(E) the plan (or modification) does not comply with the criteria under section 121(b) for coordinating activities under this Act with related program activities.

Appeal.

(2) The Governor shall approve or disapprove a job training plan (or modification) within 30 days after the date that the plan (or modification) is submitted, except that if a petition is filed under paragraph (3) such period shall be extended to 45 days. Any disapproval by the Governor may be appealed to the Secretary, who shall

make a final decision of whether the Governor's disapproval complies with paragraph (1) of this subsection within 45 days after receipt of the appeal.

Petition.

(3)(A) Interested parties may petition the Governor within 15 days of the date of submission for disapproval of the plan or modification thereof if—

(i) the party can demonstrate that it represents a substantial client interest,

(ii) the party took appropriate steps to present its views and seek resolution of disputed issues prior to submission of the plan to the Governor, and

(iii) the request for disapproval is based on a violation of statutory requirements.

Petitioner, notification.

(B) If the Governor approves the plan (or modification), the Governor shall notify the petitioner in writing of such decision and the reasons therefor.

Service delivery areas, redesignation.

(c)(1) If a private industry council and the appropriate chief elected official or officials fail to reach the agreement required under section 103 (b) or (d) and, as a consequence, funds for a service delivery area may not be made available under section 104, then the Governor shall redesignate, without regard to sections 101 (a)(4) and (c)(1), the service delivery areas in the State to merge the affected area into one or more other service delivery areas, in order to promote the reaching of agreement.

(2) In any State in which service delivery areas are redesignated under paragraph (1), private industry councils shall, to the extent necessary for the redesignation, be reconstituted and job training plans modified as required to comply with sections 102 and 103. Services under an approved plan shall not be suspended while the council is reconstituted and the plan is modified.

Plan submittal.

(d) In any case in which the service delivery area is a State, the plan (or modification) shall be submitted to the Secretary for approval. For the purpose of this subsection, the Secretary shall have the same authority as the Governor has under this section.

PERFORMANCE STANDARDS

29 USC 1516.

SEC. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

(1) it is essential that criteria for measuring the return on this investment be developed; and

(2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

Adult training programs.

(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.

Youth programs.

(2) In prescribing standards under this section the Secretary shall also designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the Armed Forces.

(3) The standards shall include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and

(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures.

(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures.

(c) Within six months after the date of the enactment of this Act, the Secretary shall establish initial performance standards which are designed to contribute to the achievement of the performance goals set forth in subsection (b)(1), based upon data accumulated under the Comprehensive Employment and Training Act, from the National Commission for Employment Policy, and from other appropriate sources. In the development of the initial standards under this subsection, the Secretary shall relate gross program expenditures to the accomplishment of program goals set forth in subsection (b)(1).

Post, p. 1357.

(d)(1) The Secretary shall, not later than January 31, 1984, prescribe performance standards for the first program year under this Act to measure the results of the participation in the program to achieve the goals set forth in subsection (b)(1) based upon the initial standards established in subsection (c).

Report to Congress.

(2) The Secretary, not later than six months after the completion of the first two program years, shall prepare and submit a report to the Congress containing the performance standards established under paragraph (1) of this subsection, together with an analysis of the manner in which the performance standards contribute to the achievement of the goals set forth in subsection (b)(1), including the relative importance of each standard to the accomplishment of such goals.

(3) The Secretary shall prescribe variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, and ex-offenders, taking into account their special circumstances.

Modification.

(4)(A) The Secretary may modify the performance standards under this subsection not more often than once every two program years and such modifications shall not be retroactive.

Report to Congress.

(B) The Secretary shall prepare and submit a report to the Congress containing any modifications established under subparagraph (A), and the reasons for such modifications.

Variations of standards.

(e) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection based upon specific economic, geographic, and demographic factors in the State and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

Development of standards.

(f) The National Commission for Employment Policy shall (1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (e), (2) evaluate the usefulness of such standards as measures of desired performance, and (3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

(g) The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

Post, p. 1364.

Reorganizaiton plan.

(h)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select an alternate entity to administer the program for the service delivery area.

(2) The alternate administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

Appeal.

(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

SELECTION OF SERVICE PROVIDERS

29 USC 1517.

SEC. 107. (a) The primary consideration in selecting agencies or organizations to deliver services within a service delivery area shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals, cost, quality of training, and characteristics of participants. In complying with this subsection, proper consideration shall be given to community-based organizations as service providers.

Restrictions.

(b) Funds provided under this Act shall not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless it is demonstrated that alternative services or facilities would be more effective or more likely to achieve the service delivery area's performance goals.

Educational services.

(c) Appropriate education agencies in the service delivery area shall be provided the opportunity to provide educational services, unless the administrative entity demonstrates that alternative agencies or organizations would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

(d) The administrative entity shall not fund any occupational skills training program unless the level of skills provided in the program are in accordance with guidelines established by the private industry council.

LIMITATION ON CERTAIN COSTS

29 USC 1518.

Post, p. 1358.

SEC. 108. (a) Not more than 15 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for the cost of administration. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 204(28) shall not be counted as part of the cost of administration.

(b)(1) Not more than 30 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for administrative costs (as defined under subsection (a)) and costs specified in paragraph (2).

(2)(A) For purposes of paragraph (1), the costs specified in this paragraph are—

(i) 50 percent of any work experience expenditures which meet the requirements of paragraph (3);

(ii) 100 percent of the cost of any work experience program expenditures which do not meet the requirements of paragraph (3);

(iii) supportive services; and

(iv) needs-based projects described in section 204(27).

(B) For purposes of paragraph (1), the costs specified in this paragraph do not include expenditures for tryout employment which meets the requirements of section 205(d)(3)(B).

Work experience expenditure.

(3) For purposes of paragraph (2), a work experience expenditure meets the requirements of this paragraph if—

(A) the work experience is of not more than 6 months' duration and is combined with a classroom or other training program;

(B) an individual participant is prohibited from participating in any other work experience program following participation in a program meeting the requirements of this paragraph;

(C) the classroom or other training program component is specified in a preemployment contract or meets established academic standards; and

(D) wages paid in the work experience program do not exceed the prevailing entry-level wage for the same occupation in the same labor market area.

(c)(1) Notwithstanding subsection (b), expenditures may be made in excess of the limitation contained in such subsection if such expenditures are made in accordance with the requirements of this subsection.

(2) Expenditures may be made in excess of the limitation contained in subsection (b) in any service delivery area if—

(A) the private industry council for such area initiates a request for such excess costs; and

(B) excess costs are due to one or more of the following conditions in such area:

(i) an unemployment rate (in the service delivery area or that portion within which services resulting in excess costs are to be provided) which exceeds the national average unemployment rate by at least 3 percentage points, and the ratio of current private employment to population in such area or portion is less than the national average of such ratio;

(ii) the job training plan for such area proposes to serve a disproportionately high number of participants from groups requiring exceptional supportive service costs, such as handicapped individuals, offenders, and single heads of households with dependent children;

(iii) the cost of providing necessary child care exceeds one-half of the costs specified in paragraph (2) of subsection (b);

(iv) the costs of providing necessary transportation exceeds one-third of the costs specified in paragraph (2) of subsection (b); or

(v) a substantial portion of the participants in programs in the service delivery area are in training programs of 9 months' duration or more.

(3) Expenditures may be made in excess of the limitation contained in subsection (b) if the need for and the amount of the excess is stated in the job training plan (or modification thereof) for the service delivery area and such plan demonstrates that administrative costs comply with subsection (a) of this section.

(4) The provisions of this subsection shall not be available to the extent that supportive services provided under the job training plan duplicate services provided by any other public or private source that are available to participants without cost.

Plan disapproval.

(5) The Governor shall not disapprove any plan (or modification thereof) on the basis of any statement of the need for and amount of excess costs in the job training plan if such plan or modification meets the requirements of this subsection.

(d) The provisions of this section do not apply to any service delivery area designated pursuant to section 101(a)(4)(A)(iii).

(e) This section shall not be construed to exempt programs under an approved plan from the performance standards established under section 106.

PART B—ADDITIONAL STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

Annual statement.
29 USC 1531.
29 USC 49g.

SEC. 121. (a)(1) The Governor shall annually prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans required under section 104 of this Act and section 8 of the Act of June 6, 1933 (known as the Wagner-Peyser Act).

(2) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan for two program years to the Secretary describing the use of all resources provided to the State and its service delivery areas under this Act and evaluating the experience over the preceding two years.

Post, p. 1364.

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State. Such criteria shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of sections 107 and 203.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

Report to Secretary.

(3) The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

Modification.

(4) If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities may include—

(1) making available to service delivery areas, with or without reimbursement and upon request, appropriate information and technical assistance to assist in developing and implementing plans and programs;

(2) carrying out special model training and employment programs and related services (including programs receiving financial assistance from private sources);

(3) providing programs and related services for offenders and other individuals whom the Governor determines require special assistance;

(4) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas;

(5) providing training opportunities in the conservation and efficient use of energy, and the development of solar energy sources as defined in section 3 of the Solar Energy Research, Development and Demonstration Act of 1974;

42 USC 5552.

(6) industry-wide training;

Post, p. 1364.

(7) activities under title III of this Act;

(8) developing and providing to service delivery areas information on a State and local area basis regarding economic, industrial, and labor market conditions;

(9) providing preservice and inservice training for planning, management, and delivery staffs of administrative entities and private industry councils, as well as contractors for State supported programs; and

(10) providing statewide programs which provide for joint funding of activities under this Act with services and activities under other Federal, State, or local employment-related programs.

(d) A Governor's coordination and special services plan shall be approved by the Secretary unless the Secretary determines that the plan does not comply with specific provisions of this Act.

STATE JOB TRAINING COORDINATING COUNCIL

SEC. 122. (a)(1) Any State which desires to receive financial assistance under this Act shall establish a State job training coordinating council (hereinafter in this section referred to as the "State council"). Funding for the council shall be provided pursuant to section 202(b)(4). 29 USC 1532.

(2) The State council shall be appointed by the Governor, who shall designate one nongovernmental member thereof to be chairperson. In making appointments to the State council, the Governor shall ensure that the membership of the State council reasonably represents the population of the State.

(3) The State council shall be composed as follows: Membership.

(A) One-third of the membership of the State council shall be representatives of business and industry (including agriculture, where appropriate) in the State, including individuals who are representatives of business and industry on private industry councils in the State.

(B) Not less than 20 percent of the membership of the State council shall be representatives of the State legislature and State agencies and organizations, such as the State educational agency, the State vocational education board, the State advisory council on vocational education, the State board of education (when not otherwise represented), State public assistance agencies, the State employment security agency, the State rehabilitation agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, State veterans' affairs agencies or equivalent, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State.

(C) Not less than 20 percent of the membership of the State council shall be representatives of the units or consortia of units of general local government in such State (including those which are administrative entities or grantees under this Act) which shall be nominated by the chief executive officers of the units or consortia of units of general local government; and

(D) Not less than 20 percent of the membership of the State council shall be representatives of the eligible population and of the general public, representatives of organized labor, representatives of community-based organizations, and representatives of local educational agencies (nominated by local educational agencies).

(4) The State council shall meet at such times and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public. Meetings.

(5) The State council is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this Act.

(6) In order to assure objective management and oversight, the State council shall not operate programs or provide services directly to eligible participants, but shall exist solely to plan, coordinate, and monitor the provision of such programs and services.

(7) The plans and decisions of the State council shall be subject to approval by the Governor. Approval.

20 USC 2305

Post, p. 1357.

(8) For purposes of section 105 of the Vocational Education Act of 1963, the State council shall be considered to be the same as either the State Manpower Services Council referred to in that section or the State Employment and Training Council authorized under the Comprehensive Employment and Training Act.

(b) The State council shall—

(1) recommend a Governor's coordination and special services plan;

(2) recommend to the Governor substate service delivery areas, plan resource allocations not subject to section 202(a), provide management guidance and review for all programs in the State, develop appropriate linkages with other programs, coordinate activities with private industry councils, and develop the Governor's coordination and special services plan and recommend variations in performance standards;

(3) advise the Governor and local entities on job training plans and certify the consistency of such plans with criteria under the Governor's coordination and special services plan for coordination of activities under this Act with other Federal, State, and local employment-related programs, including programs operated in designated enterprise zones;

(4) review the operation of programs conducted in each service delivery area, and the availability, responsiveness, and adequacy of State services, and make recommendations to the Governor, appropriate chief elected officials, and private industry councils, service providers, the State legislature, and the general public with respect to ways to improve the effectiveness of such programs or services;

(5) review and comment on the State plan developed for the State employment service agency;

Report.

(6) make an annual report to the Governor which shall be a public document, and issue such other studies, reports, or documents as it deems advisable to assist service delivery areas in carrying out the purposes of this Act;

(7)(A) identify, in coordination with the appropriate State agencies, the employment and training and vocational education needs throughout the State, and assess the extent to which employment and training, vocational education, rehabilitation services, public assistance, economic development, and other Federal, State, and local programs and services represent a consistent, integrated, and coordinated approach to meeting such needs; and

Comments.

20 USC 2305.

(B) comment at least once annually on the reports required pursuant to section 105(d)(3) of the Vocational Education Act of 1963; and

(8) review plans of all State agencies providing employment, training, and related services, and provide comments and recommendations to the Governor, the State legislature, the State agencies, and the appropriate Federal agencies on the relevancy and effectiveness of employment and training and related service delivery systems in the State.

Transfer of functions.

(c) In addition to the functions described in subsection (b), the Governor may, to the extent permitted by applicable law, transfer functions which are related to functions under this Act to the council established under this section from any State coordinating committee for the work incentive program under title IV of the

Social Security Act or any advisory council established under the Wagner-Peyser Act. 42 USC 601. 29 USC 49 note.

STATE EDUCATION COORDINATION AND GRANTS

SEC. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training— 29 USC 1533.

(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies; and

(2) to facilitate coordination of education and training services for eligible participants through such cooperative agreements.

(b) The cooperative agreements described in subsection (a) shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided, pursuant to subsection (a)(1), in the grant subject to such agreement. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

(c)(1) Funds available under this section may be used to provide education and training, including vocational education services, and related services to participants under title II. Such services may include services for offenders and other individuals whom the Governor determines require special assistance. Funds. *Post,* p. 1358.

(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

(B) At least 80 percent of the funds available under this section shall be used for clause (1) of subsection (a) for the Federal share of the cost of carrying out activities described in clause (1). For the purpose of this subparagraph, the Federal share shall be the amount provided for in the cooperative agreements in subsection (b).

(3) Not less than 75 percent of the funds available for activities under clause (1) of subsection (a) shall be expended for activities for economically disadvantaged individuals.

(d) If no cooperative agreement is reached on the use of funds under this section, the funds shall be available to the Governor for use in accordance with section 121.

TRAINING PROGRAMS FOR OLDER INDIVIDUALS

SEC. 124. (a) From funds available for use under section 202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns. 29 USC 1534.

(b) In carrying out this section, the Governor shall, after consultation with appropriate private industry councils and chief elected officials, enter into agreements with public agencies, nonprofit private organizations, and private business concerns.

(c) The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills.

Eligibility requirement.

(d) An individual shall be eligible to participate in a job training program under this section only if the individual is economically disadvantaged and has attained 55 years of age.

STATE LABOR MARKET INFORMATION PROGRAMS

29 USC 1535.

SEC. 125. (a) In order to be eligible for Federal financial assistance for State labor market information programs under this Act from funds made available under section 202(b)(4) and section 461(b), the Governor shall designate the State occupational information coordinating committee or other organizational unit to be responsible for oversight and management of a statewide comprehensive labor market and occupational supply and demand information system, which shall—

(1) design a comprehensive cost-efficient labor market and occupational supply and demand information system which—

(A) is responsive to the economic demand and education and training supply support needs of the State and areas within the State, and

44 USC 3501.

(B) meets the Federal standards under chapter 35 of title 44, United States Code, and other appropriate Federal standards established by the Bureau of Labor Statistics;

(2) standardize available Federal and State multi-agency administrative records and direct survey data sources to produce an employment and economic analysis with a published set of projections for the State and designated areas within the State which, at the minimum, includes—

(A) identification of geographic and occupational areas of potential growth or decline; and

(B) an assessment of the potential impact of such growth or decline on individuals, industries, and communities, including occupational supply and demand characteristics data;

(3) assure, to the extent feasible, that—

(A) automated technology will be used by the State;

(B) administrative records have been designed to reduce paperwork; and

(C) multiple survey burdens on the employers of the State have been reduced;

(4) publish and disseminate labor market and occupational supply and demand information and individualized career information to State agencies, area public agencies, libraries, and private not-for-profit users, and individuals who are in the process of making career decision choices; and

(5) conduct research and demonstration projects designed to improve any aspect of the statewide information system.

20 USC 2301 note.
29 USC 49 note.

(b)(1) The analysis required under clause (2) of subsection (a) shall be used to contribute in carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 6, 1933, known as the Wagner-Peyser Act.

(2) The assurance required by clause (3) of subsection (a) shall also include that the State will, to the maximum extent possible, assure consolidation of available administrative data and surveys to reduce duplication of recordkeeping of State and local agencies, including secondary and postsecondary educational institutions.

(3) If any Federal funds are used to carry out clause (5) of subsection (a), access to and information on the results will remain in the public domain.

Reimbursement.

(c) The Secretary through the National Occupational Information Coordinating Committee shall reimburse the States the costs of carrying out the provisions of this section but the aggregate reimbursements in any fiscal year shall not exceed the amount available under part E of title IV for this subsection.

Post, p. 1383.

Notice.

(d) No provision of this part or any other provision of Federal law shall be construed to prohibit any State from combining or consolidating Federal administrative management information reporting requirements relating to employment, productivity, or training, if notice is transmitted by the Governor to the head of each appropriate Federal and State agency responsible for the laws governing the Federal reporting requirements. The notice shall specify the intent to combine or consolidate such requirements. The head of each appropriate Federal agency shall approve the combination or consolidation unless, within sixty days after receiving the notice, the Federal agency can demonstrate that the combination or consolidation will not meet the essential purposes of the affected Federal law.

AUTHORITY OF STATE LEGISLATURE

29 USC 1536.

SEC. 126. Nothing in this Act shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with the provisions of this Act, of the programs assisted under this Act.

INTERSTATE AGREEMENTS

29 USC 1537.

SEC. 127. In the event that compliance with provisions of this Act would be enhanced by cooperative agreements between States, the consent of Congress is hereby given to such States to enter into such compacts and agreements to facilitate such compliance, subject to the approval of the Secretary.

PART C—PROGRAM REQUIREMENTS FOR SERVICE DELIVERY SYSTEM

GENERAL PROGRAM REQUIREMENTS

29 USC 1551.

SEC. 141. Except as otherwise provided, the following conditions are applicable to all programs under this Act:

(a) Each job training plan shall provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities and shall make efforts to provide equitable services among substantial segments of the eligible population.

(b) Funds provided under this Act shall only be used for activities which are in addition to those which would otherwise be available in the area in the absence of such funds.

Restrictions.

(c) No funds may be used to assist in relocating establishments, or parts thereof, from one area to another unless such relocation will not result in an increase in unemployment in the area of original location or in any other area.

(d)(1) Training provided with funds made available under this Act shall be only for occupations for which there is a demand in the area served or in another area to which the participant is willing to relocate, and consideration in the selection of training programs may be given to training in occupations determined to be in sectors of the economy which have a high potential for sustained demand or growth.

(2) Efforts shall be made to develop programs which contribute to occupational development, upward mobility, development of new careers, and overcoming sex-stereotyping in occupations traditional for the other sex.

(3) Commercially available training packages, including advanced learning technology, may be purchased for off-the-shelf prices and without requiring a breakdown of the cost components of the package if such packages are purchased competitively and include performance criteria.

(e) Only eligible individuals residing in the service delivery area may be served by employment and training activities funded under title II, except that the job training plan may provide for limited exceptions to this requirement.

Post, p. 1358.

Voting.

(f) No member of any council under this Act shall cast a vote on the provision of services by that member (or any organization which that member directly represents) or vote on any matter which would provide direct financial benefit to that member.

(g) Payments to employers for on-the-job training which shall not, during the period of such training, average more than 50 percent of the wages paid by the employer to such participants, and payments in such amount shall be deemed to be in compensation for the extraordinary costs associated with training participants under this title and in compensation for the costs associated with the lower productivity of such participants.

Restriction.

(h) Funds provided under this Act shall not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless the plan establishes that alternative services or facilities would be more effective or more likely to achieve performance goals.

Fund, allocation.

(i) Each administrative entity shall be responsible for the allocation of funds and the eligibility of those enrolled in its programs and shall have responsibility to take action against its subcontractors, subgrantees, and other recipients to eliminate abuses in the programs they are carrying out, and to prevent any misuse of funds by such subcontractors, subgrantees, and other recipients. Administrative entities may delegate the responsibility for determination of eligibility under reasonable safeguards, including provisions for reimbursement of cost incurred because of erroneous determinations made with insufficient care, if such an arrangement is included in an approved job training plan.

Fee.

(j) No person or organization may charge an individual a fee for the placement or referral of such individual in or to a training program under this Act.

Restriction.

(k) No funds may be provided under this Act for any subsidized employment with any private for-profit employer unless the individual employed is a youth aged 16 to 21, inclusive, who is economically disadvantaged and the employment is provided in accordance with section 205(d)(3)(B).

(l) The Secretary shall not provide financial assistance for any program under this Act which involves political activities.

(m) Pursuant to regulations of the Secretary, income generated under any program may be retained by the recipient to continue to carry out the program, notwithstanding the expiration of financial assistance for that program.

(n) The Secretary shall notify the Governor and the appropriate private industry councils and chief elected officials of, and consult with the Governor and such councils and officials concerning, any activity to be funded by the Secretary under this Act within the State or service delivery area; and the Governor shall notify the appropriate private industry councils and chief elected officials of, and consult with such concerning, any activity to be funded by the Governor under this Act within the service delivery area.

(o)(1) All education programs for youth supported with funds provided under title II shall be consistent with applicable State and local educational standards. *Post*, p. 1358.

(2) Standards and procedures with respect to the awarding of academic credit and certifying educational attainment in programs conducted under such title shall be consistent with the requirements of applicable State and local law and regulation.

(p) No funds available under part B of this title or part A of title II may be used for public service employment.

BENEFITS

Wages and earnings.

29 USC 1552.

SEC. 142. (a) Except as otherwise provided in this Act, the following provisions shall apply to all activities financed under this Act:

(1) A trainee shall receive no payments for training activities in which the trainee fails to participate without good cause.

(2) Individuals in on-the-job training shall be compensated by the employer at the same rates, including periodic increases, as similarly situated employees or trainees and in accordance with applicable law, but in no event less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 or the applicable State or local minimum wage law. 29 USC 206.

(3) Individuals employed in activities authorized under this Act shall be paid wages which shall not be less than the highest of (A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, (B) the minimum wage under the applicable State or local minimum wage law, or (C) the prevailing rates of pay for individuals employed in similar occupations by the same employer.

(b) Allowances, earnings and payments to individuals participating in programs under this Act shall not be considered as income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid, other than programs under the Social Security Act. 42 USC 1305.

LABOR STANDARDS

SEC. 143. (a)(1) Conditions of employment and training shall be appropriate and reasonable in light of such factors as the type of work, geographical region, and proficiency of the participant. 29 USC 1553.

(2) Health and safety standards established under State and Federal law, otherwise applicable to working conditions of employees, shall be equally applicable to working conditions of participants. With respect to any participant in a program conducted under this Act who is engaged in activities which are not covered by health and safety standards under the Occupational Safety and Health Act of 1970, the Secretary shall prescribe, by regulation, such standards as may be necessary to protect the health and safety of such participants.

Regulation.

29 USC 651 note.

Workers' compensation.

(3) To the extent that a State workers' compensation law is applicable, workers' compensation benefits in accordance with such law shall be available with respect to injuries suffered by participants. To the extent that such law is not applicable, each recipient of funds under this Act shall secure insurance coverage for injuries suffered by such participants, in accordance with regulations prescribed by the Secretary.

(4) All individuals employed in subsidized jobs shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

Restriction.

(5) No funds available under this Act may be used for contributions on behalf of any participant to retirement systems or plans.

(b)(1) No currently employed worker shall be displaced by any participant (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits).

(2) No program shall impair existing contracts for services or collective bargaining agreements, except that no program under this Act which would be inconsistent with the terms of a collective bargaining agreement shall be undertaken without the written concurrence of the labor organization and employer concerned.

Job vacancy.

(3) No participant shall be employed or job opening filled (A) when any other individual is on layoff from the same or any substantially equivalent job, or (B) when the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring a participant whose wages are subsidized under this Act.

(4) No jobs shall be created in a promotional line that will infringe in any way upon the promotional opportunities of currently employed individuals.

(c)(1) Each recipient of funds under this Act shall provide to the Secretary assurances that none of such funds will be used to assist, promote, or deter union organizing.

Comments.

(2) Where a labor organization represents a substantial number of employees who are engaged in similar work or training in the same area as that proposed to be funded under this Act, an opportunity shall be provided for such organization to submit comments with respect to such proposal.

(d) All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair, including painting and decorating, of projects, buildings, and works which are federally assisted under this Act, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Act of March 3, 1921 (40 U.S.C. 276a–276a-5), popularly known as the Davis-Bacon Act. The Secretary shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(c)). The provisions of this subsection shall not apply to a bona fide trainee in a training program under this Act. The provisions of section 167(a)(4) shall apply to such trainees.

40 USC 276c.

GRIEVANCE PROCEDURE

29 USC 1554.

Sec. 144. (a) Each administrative entity, contractor, and grantee under this Act shall establish and maintain a grievance procedure for grievances or complaints about its programs and activities from participants, subgrantees, subcontractors, and other interested persons. Hearings on any grievance shall be conducted within 30 days of filing of a grievance and decisions shall be made not later than 60 days after the filing of a grievance. Except for complaints alleging fraud or criminal activity, complaints shall be made within one year of the alleged occurrence. Hearings.

(b) Each recipient of financial assistance under this Act which is an employer of participants under this Act shall continue to operate or establish and maintain a grievance procedure relating to the terms and conditions of employment.

(c) Upon exhaustion of a recipient's grievance procedure without decision, or where the Secretary has reason to believe that the recipient is failing to comply with the requirements of this Act or the terms of the job training plan, the Secretary shall investigate the allegation or belief and determine within 120 days after receiving the complaint whether such allegation or complaint is true. Investigation.

PROHIBITION AGAINST FEDERAL CONTROL OF EDUCATION

SEC. 145. No provision of this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system. 29 USC 1555.

PART D—FEDERAL AND FISCAL ADMINISTRATIVE PROVISIONS

PROGRAM YEAR

SEC. 161. (a) Beginning with fiscal year 1985 and thereafter, appropriations for any fiscal year for programs and activities under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made. 29 USC 1571.

(b) Funds obligated for any program year may be expended by each recipient during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the job training plan.

(c)(1) Appropriations for fiscal year 1984 shall be available both to fund activities for the period between October 1, 1983, and July 1, 1984, and for the program year beginning July 1, 1984.

(2) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this subsection for the transition to program year funding. Appropriation authorization.

PROMPT ALLOCATION OF FUNDS

SEC. 162. (a) All allotments and allocations under this Act shall be based on the latest available data and estimates satisfactory to the Secretary. All data relating to economically disadvantaged and low-income persons shall be based on 1980 Census or later data. 29 USC 1572.

(b) Whenever the Secretary allots and allocates funds required to be allotted or allocated by formula under this Act, the Secretary Publication in Federal Register.

shall publish in a timely fashion in the Federal Register the proposed amount to be distributed to each recipient.

Funds, distribution.

(c) All funds required to be distributed by formula under this Act shall be allotted within 45 days after enactment of the appropriations, except that, if such funds are appropriated in advance as authorized by section 161, such funds shall be allotted not later than the March 31 preceding the program year for which such funds are to be available for obligation.

Publication in Federal Register.

(d) Whenever the Secretary utilizes a formula to allot or allocate funds made available for distribution at the Secretary's discretion under this Act, the Secretary shall, not later than 30 days prior to such allotment or allocation, publish such formula in the Federal Register for comments along with the rationale for the formula and the proposed amounts to be distributed to each State and area. After consideration of any comments received, the Secretary shall publish final allotments and allocations in the Federal Register.

(e) Funds shall be made available to the grant recipient for the service delivery area not later than 30 days after the date they are made available to the Governor or 7 days after the date the plan is approved, whichever is later.

MONITORING

29 USC 1573.

SEC. 163. (a) The Secretary is authorized to monitor all recipients of financial assistance under this Act to determine whether they are complying with the provisions of this Act and the regulations issued under this Act.

Investigations.

(b) The Secretary may investigate any matter the Secretary deems necessary to determine compliance with this Act and regulations issued under this Act. The investigations authorized by this subsection may include examining records (including making certified copies thereof), questioning employees, and entering any premises or onto any site in which any part of a program of a recipient is conducted or in which any of the records of the recipient are kept.

(c) For the purpose of any investigation or hearing under this Act, the provisions of section 9 of the Federal Trade Commission Act (15 U.S.C. 49) (relating to the attendance of witnesses and the production of books, papers, and documents) are made applicable to the Secretary.

FISCAL CONTROLS; SANCTIONS

Audits.
29 USC 1574.

Post, pp. 1358, 1364.

SEC. 164. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under titles II and III. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of each recipient of funds under titles II and III of this Act. Under criteria established by the Director of the Office of Management and Budget, and upon application by the Governor, the Secretary may exempt designated recipients from all or part of the requirements of this

section, except that any such exemption shall not apply to the State administering agency, the entity which is the administrative entity for the job training plan for a service delivery area, or a private industry council. Any exemption under this section may be withdrawn by the Secretary in consultation with the Director of the Office of Management and Budget.

(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.

Notice of intent.

(b)(1) Whenever, as a result of financial and compliance audits or otherwise, the Governor determines that there is a substantial violation of a specific provision of this Act or the regulations, and corrective action has not been taken, the Governor may issue a notice of intent to revoke approval of all or part of the plan affected. Such notice may be appealed to the Secretary under the same terms and conditions as the disapproval of the plan and shall not become effective until (A) the time for appeal has expired or (B) the Secretary has issued a decision.

(2) The Governor shall withdraw the notice if the appropriate corrective action has been taken.

(c)(1) The Comptroller General of the United States shall, on a selective basis, evaluate the expenditures by the recipients of grants under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of each recipient in accomplishing the purposes of this Act. The Comptroller General shall conduct the evaluations whenever he determines it necessary and he shall periodically report to the Congress on the findings of such evaluations.

(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

Information, disclosure.

(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State, a private industry council established under section 102 of this Act, any recipient of funds under this Act, or any subgrantee or contractor of such recipients.

Repayment of funds.

(d) Every recipient shall repay to the United States amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act unless he determines that such recipient should be held liable pursuant to subsection (e). No such action shall be taken except after notice and opportunity for a hearing have been given to the recipient.

Notice and hearing.

(e)(1) Each recipient shall be liable to repay such amounts, from funds other than funds received under this Act, upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

Violations.

(2) In determining whether to impose any sanction authorized by this section against a recipient for violations by a subgrantee of such recipient under this Act or the regulations under this Act, the

Secretary shall first determine whether such recipient has adequately demonstrated that it has—

(A) established and adhered to an appropriate system for the award and monitoring of contracts with subgrantees which contains acceptable standards for ensuring accountability;

(B) entered into a written contract with such subgrantee which established clear goals and obligations in unambiguous terms;

(C) acted with due diligence to monitor the implementation of the subgrantee contract, including the carrying out of the appropriate monitoring activities (including audits) at reasonable intervals; and

(D) taken prompt and appropriate corrective action upon becoming aware of any evidence of a violation of this Act or the regulations under this Act by such subgrantee.

(3) If the Secretary determines that the recipient has demonstrated substantial compliance with the requirements of paragraph (2), the Secretary may waive the imposition of sanctions authorized by this section upon such recipient. The Secretary is authorized to impose any sanction consistent with the provisions of this Act and any applicable Federal or State law directly against any subgrantee for violation of this Act or the regulations under this Act.

Financial assistance, termination. Notice and hearing.

(f) In emergency situations, if the Secretary determines it is necessary to protect the integrity of the funds or ensure the proper operation of the program, the Secretary may immediately terminate or suspend financial assistance, in whole or in part, if the recipient is given prompt notice and the opportunity for a subsequent hearing within 30 days after such termination or suspension. The Secretary shall not delegate any of the functions or authority specified in this subsection, other than to an officer whose appointment was required to be made by and with the advice and consent of the Senate.

Discrimination

(g) If the Secretary determines that any recipient under this Act has discharged or in any other manner discriminated against a participant or against any individual in connection with the administration of the program involved, or against any individual because such individual has filed any complaint or instituted or caused to be instituted any proceeding under or related to this Act, or has testified or is about to testify in any such proceeding or investigation under or related to this Act, or otherwise unlawfully denied to any individual a benefit to which that individual is entitled under the provisions of this Act or the Secretary's regulations, the Secretary shall, within thirty days, take such action or order such corrective measures, as necessary, with respect to the recipient or the aggrieved individual, or both.

(h) The remedies under this section shall not be construed to be exclusive remedies.

REPORTS, RECORDKEEPING, AND INVESTIGATIONS

29 USC 1575.

SEC. 165. (a)(1) Recipients shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

(2) Every recipient shall maintain such records and submit such reports, in such form and containing such information, as the Secretary requires regarding the performance of its programs. Such records and reports shall be submitted to the Secretary but shall not

be required to be submitted more than once each quarter unless specifically requested by the Congress or a committee thereof.

Investigations.

(b)(1)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct, in several States, in each fiscal year investigations of the use of funds received by recipients under this Act.

(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any recipient.

(2) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request the compilation of any new information not readily available to such recipient.

Ante, p. 1327.

(c) Each State, each administrative entity designated under title I, and each recipient (other than a subrecipient, grantee or contractor of a recipient) receiving funds under this Act shall—

(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary, and

(2) prescribe and maintain a management information system, in accordance with guidelines prescribed by the Secretary, designed to facilitate the uniform compilation and analysis of programmatic and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes.

ADMINISTRATIVE ADJUDICATION

29 USC 1576.

SEC. 166. (a) Whenever any applicant for financial assistance under this Act is dissatisfied because the Secretary has made a determination not to award financial assistance in whole or in part to such applicant, the applicant may request a hearing before an administrative law judge of the Department of Labor. A similar hearing may also be requested by any recipient upon whom a corrective action or a sanction has been imposed by the Secretary. Except to the extent provided for in section 167, all other disputes arising under this Act shall be adjudicated under grievance procedures established by the recipient or under applicable law other than this Act.

Waiver.

(b) The decision of the administrative law judge shall constitute final action by the Secretary unless, within 20 days after receipt of the decision of the administrative law judge, a party dissatisfied with the decision or any part thereof has filed exceptions with the Secretary specifically identifying the procedure, fact, law, or policy to which exception is taken. Any exception not specifically urged shall be deemed to have been waived. Thereafter the decision of the administrative law judge shall become the final decision of the Secretary unless the Secretary, within 30 days of such filing, has notified the parties that the case has been accepted for review.

(c) Any case accepted for review by the Secretary shall be decided within one hundred and eighty days of such acceptance. If not so decided, the decision of the administrative law judge shall become the final decision of the Secretary.

(d) The provisions of section 168 of this Act shall apply to any final action of the Secretary under this section.

NONDISCRIMINATION

29 USC 1577.
42 USC 6101 note.
29 USC 794.
20 USC 1681.
42 USC 2000d.

SEC. 167. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded or otherwise financially assisted in whole or in part under this Act are considered to be programs and activities receiving Federal financial assistance.

(2) No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any such program because of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief.

(3) Participants shall not be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship.

(4) With respect to terms and conditions affecting, or rights provided to, individuals who are participants in activities supported by funds provided under this Act, such individuals shall not be discriminated against solely because of their status as such participants.

(5) Participation in programs and activities financially assisted in whole or in part under this Act shall be open to citizens and nationals of the United States, lawfully admitted permanent resident aliens, lawfully admitted refugees and parolees, and other individuals authorized by the Attorney General to work in the United States.

(b) Whenever the Secretary finds that a State or other recipient has failed to comply with a provision of law referred to in subsection (a)(1), with paragraph (2), (3), (4), or (5) of subsection (a), or with an applicable regulation prescribed to carry out such paragraphs, the Secretary shall notify such State or recipient and shall request it to comply. If within a reasonable period of time, not to exceed sixty days, the State or recipient fails or refuses to comply, the Secretary may—

(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

42 USC 2000d, 6101 note; 29 USC 794.

(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act, as may be applicable; or

(3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever the Attorney General has reason to believe that a State or other recipient is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a)(1) or in violation of paragraph (2), (3), (4), or (5) of subsection (a), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

(d) For purposes of this section, Job Corps members shall be considered as the ultimate beneficiaries of Federal financial assistance.

JUDICIAL REVIEW

29 USC 1578.

SEC. 168. (a)(1) With respect to any final order by the Secretary under section 166 whereby the Secretary determines to award, to not award, or to only conditionally award, financial assistance, with respect to any final order of the Secretary under section 166 with respect to a corrective action or sanction imposed under section 164, and with respect to a denial of an appeal under section 101(4)(C) or 105(b)(2), any party to a proceeding which resulted in such final order may obtain review of such final order in the United States Court of Appeals having jurisdiction over the applicant or recipient of funds, by filing a review petition within 30 days of such final order.

(2) The clerk of the court shall transmit a copy of the review petition to the Secretary who shall file the record upon which the final order was entered as provided in section 2112 of title 28, United States Code. Review petitions unless ordered by the court, shall not stay the Secretary's order. Petitions under this Act shall be heard expeditiously, if possible within ten days of the filing of a reply brief.

(3) No objection to the order of the Secretary shall be considered by the court unless the objection shall have been specifically and timely urged before the Secretary. Review shall be limited to questions of law and the Secretary's findings of fact shall be conclusive if supported by substantial evidence.

(b) The court shall have jurisdiction to make and enter a decree affirming, modifying, or setting aside the order of the Secretary in whole or in part. The court's judgment shall be final, subject to certiorari review by the Supreme Court of the United States as provided in section 1254(1) of title 28, United States Code.

ADMINISTRATIVE PROVISIONS

Rules and regulations.
29 USC 1579.
5 USC 500.

SEC. 169. (a) The Secretary may, in accordance with chapter 5 of title 5, United States Code, prescribe such rules and regulations (including performance standards) as the Secretary deems necessary. Such rules and regulations may include adjustments authorized by section 204 of the Intergovernmental Cooperation Act of 1968. All such rules and regulations shall be published in the Federal Register at least thirty days prior to their effective date. Copies of all such rules and regulations shall be transmitted to the appropriate committees of the Congress at the same time and shall contain, with respect to each material provision of such rules and regulations, citations to the particular substantive section of law which is the basis therefor.

42 USC 4214
Publication in Federal Register.

(b) The Secretary is authorized, in carrying out this Act, to accept, purchase, or lease in the name of the department, and employ or dispose of in furtherance of the purposes of this Act, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise, and to accept voluntary and uncompensated services notwithstanding the provisions of section 3679(b) of the Revised Statutes of the United States.

31 USC 665.

(c) The Secretary may make such grants, contracts, or agreements, establish such procedures and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds under this Act as necessary to carry out this Act, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditures for construction,

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repairs, and capital improvements, and including necessary adjustments in payments on account of overpayments or underpayments.

Report to Congress.

(d) The Secretary shall prepare and submit to the Congress an annual report for employment and training programs. The Secretary shall include in such report—

(1) a summary of the achievements, failures, and problems of the programs authorized in this Act in meeting the objective of this Act;

(2) a summary of major findings from research, evaluation, pilot projects, and experiments conducted in the previous fiscal year;

(3) recommendations for program modifications based upon analysis of such findings; and

(4) such other recommendations for legislative or administrative action as the Secretary deems appropriate.

(e) The Secretary shall develop methods to ascertain, and shall ascertain annually, energy development and conservation employment impact data by type and scale of energy technologies used. The Secretary shall present the best available data to the Secretary of Energy, the Secretary of Housing and Urban Development, and the Director of the Office of Management and Budget as part of the budgetary process and to the appropriate Committees of Congress annually.

UTILIZATION OF SERVICES AND FACILITIES

29 USC 1580.

Sec. 170. The Secretary is authorized, in carrying out this Act, and to the extent permitted by law other than this Act, to accept and use the services and facilities of departments, agencies, and establishments of the United States. The Secretary is also authorized to accept and use the services and facilities of the agencies of any State or political subdivision of a State, with its consent.

OBLIGATIONAL AUTHORITY

29 USC 1581.

Sec. 171. Notwithstanding any other provision of this Act, no authority to enter into contracts or financial assistance agreements under this Act shall be effective except to such extent or in such amount as are provided in advance in appropriation Acts.

Part E—Miscellaneous Provisions

TRANSITION

29 USC 1591.

Post, p. 1357.

Sec. 181. (a) Except as otherwise provided in this section, the Secretary, from funds appropriated pursuant to this Act or pursuant to the Comprehensive Employment and Training Act, shall provide financial assistance under this Act in the same manner that such assistance was provided under the Comprehensive Employment and Training Act (as in effect on the day before the enactment of this Act) until September 30, 1983.

Post, p. 1357.

Post, p. 1387

(b) The Commission established by title V of the Comprehensive Employment and Training Act shall continue to be authorized until September 30, 1983, and on such date the personnel, property, and records of such Commission shall be transferred to the Commission established by part F of title IV of this Act.

(c) Notwithstanding the provisions of subsection (a), Governors, prime sponsors, and other recipients of financial assistance under this Act, or under the Comprehensive Employment and Training Act, may expend funds received under this Act, or under the Comprehensive Employment and Training Act, prior to October 1, 1983, in order to—

Post, p. 1357.

(1) administer consolidated programs formed by the combining of programs previously administered under different titles, parts, and subparts of the Comprehensive Employment and Training Act;

(2) establish for new participants, in accordance with the eligibility criteria for title II of this Act, uniform eligibility criteria and other provisions relating to participation for programs consolidated pursuant to paragraph (1);

(3) conduct planning for any program or activity authorized under this Act; and

(4) conduct any other activity deemed necessary by the recipient to provide for an orderly transition to the operation, as of October 1, 1983, of programs under this Act.

Effective date.

(d) All orders, determinations, rules, regulations, permits, grants, contracts, certificates, licenses, and privileges, which have been issued under the Comprehensive Employment and Training Act (as in effect on the date before the date of enactment of this Act), or which are issued under that Act on or before September 30, 1983, shall continue in effect until modified or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law other than this Act.

(e) The provisions of this Act shall not affect administrative or judicial proceedings pending on the date of enactment of this Act, or begun between the date of enactment of this Act and September 30, 1984, under the Comprehensive Employment and Training Act.

Publications in Federal Register.

(f)(1) By January 1, 1983, the Secretary shall have published in the Federal Register final regulations governing the establishment of the State job training coordinating councils and the designation of service delivery areas.

(2) By January 15, 1983, the Secretary shall have published in the Federal Register final regulations governing the establishment of private industry councils.

(3) By March 15, 1983, the Secretary shall have published in the Federal Register final regulations governing all aspects of programs under title II of this Act not described in paragraphs (1) and (2) of this subsection.

Effective dates.

(4) All other regulations for programs under this Act shall take effect no later than October 1, 1983.

Publications in Federal Register.

(5) Pursuant to section 169(a) of this Act the rules described in paragraphs (1), (2), and (3) of this section shall take effect thirty days after publication. In promulgating the rules described in paragraphs (1), (2), and (3), the Secretary shall be exempt from all requirements of law regarding rulemaking procedures except that such rules, prior to their publication in final form, shall be published in the Federal Register for comment for thirty days in the case of rules under paragraphs (2) and (3) and twenty days in the case of rules under paragraph (1).

(6) The Secretary may subsequently modify rules issued pursuant to paragraphs (1), (2), and (3) but, with respect to the program period October 1, 1983, to June 30, 1984, such subsequent rules shall not affect the legitimacy of any State job training coordinating council

Effective rules.

or private industry council, or the composition of any service delivery area, established under the rules issued pursuant to paragraphs (1) or (2). In addition, with respect to the program period October 1, 1983, to June 30, 1984, no modifications of the rules published pursuant to paragraph (3) shall be effective unless they are published in final form by May 15, 1983.

Post, p. 1357.

(7) Upon the certification of any private industry council under section 102(g) the Secretary, from discretionary funds appropriated under this Act or Comprehensive Employment Training Act, for fiscal year 1983, may provide up to $80,000 to each such council to assist it in performing its functions under section 103.

(g) Notwithstanding any other provision of law, any real or nonexpendable personal property, which was acquired on or before September 30, 1983, by prime sponsors (including by their contractors or subrecipients) with funds under the Comprehensive Employment and Training Act or under this Act, and with respect to which the Secretary reserved the right to take title, shall be transferred, as of October 1, 1983, from such prime sponsors to the custody of the entity which is administering programs under title II of this Act in the geographic area in which such property is located. Such transfer shall be subject to the Secretary's rights in such property, which shall continue unchanged.

(h) Funds for fiscal year 1982 allocated to areas served by prime sponsors or to other recipients under the Comprehensive Employment and Training Act, which were not obligated by the prime sponsor or other recipient prior to the end of such fiscal year, shall remain available for obligation by the prime sponsor or other recipient during fiscal year 1983. No reduction shall be made in the allocation for any area served by such a prime sponsor from appropriations to carry out this Act for fiscal year 1983 on account of the carryover of such funds from fiscal year 1982 to fiscal year 1983.

Effective date.

(i) The amendments made by sections 501 and 502 shall be effective October 1, 1983, but, the Secretary is authorized to use funds appropriated for fiscal year 1983 to plan for the orderly implementation of such amendments.

(j)(1) In order to facilitate the development of a service delivery area's job training plan for the program period October 1, 1983, to June 30, 1984, the various time limits contained in this Act which pertain to the planning process shall not be applicable, except that the job training plan must be submitted to the Governor by August 31, 1983. This provision shall apply only to the time limits and shall not apply to any of the required planning procedures, or to the required chronological order of such procedures except that the job training plan and budget need only be for the October 1, 1983 to June 30, 1984 program period.

(2) In order to facilitate planning for the program period October 1, 1983, to June 30, 1984, the local agreement or agreements between the private industry council and the appropriate chief elected official or officials may provide for interim procedures applicable only to that program. Such interim agreements may also, notwithstanding the provisions of section 107, authorize service deliverers under the Comprehensive Employment and Training Act or under this Act during fiscal year 1983 to continue as service deliverers under the program as established by this Act for such period.

Post, p. 1357.

(3) The performance standards described in section 106 shall apply to service delivery areas for the program period October 1, 1983, to June 30, 1984. No service delivery area, however, shall suffer a

penalty for not meeting such standards during that initial program period.

(k) All participants who are in programs funded under this Act, or under the Comprehensive Employment and Training Act, on September 30, 1983, shall be eligible to continue to participate in such programs, provided such programs have been approved for funding under the service delivery area's newly effective job training plan.

Infra.

CRIMINAL PROVISIONS

SEC. 182. Section 665 of title 18, United States Code, is amended to read as follows:

"THEFT OR EMBEZZLEMENT FROM EMPLOYMENT AND TRAINING FUNDS: IMPROPER INDUCEMENT; OBSTRUCTION OF INVESTIGATIONS

Penalty.

29 USC 801 note.

Ante, p. 1322.

"SEC. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with any agency or organization receiving financial assistance or any funds under the Comprehensive Employment and Training Act or the Job Training Partnership Act knowingly enrolls an ineligible participant, embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a financial assistance agreement or contract pursuant to such Act shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, such person shall be fined not more than $1,000 or imprisoned not more than 1 year, or both.

Penalty.

"(b) Whoever, by threat or procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a financial assistance agreement or contract under the Comprehensive Employment and Training Act or the Job Training Partnership Act induces any person to give up any money or thing of any value to any person (including such organization or agency receiving funds) shall be fined not more than $1,000, or imprisoned not more than 1 year, or both.

Penalty.

"(c) Any person whoever willfully obstructs or impedes or willfully endeavors to obstruct or impede, an investigation or inquiry under the Comprehensive Employment and Training Act or the Job Training Partnership Act, or the regulations thereunder, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.".

REFERENCE

29 USC 1592.

SEC. 183. Effective on the date of enactment of this Act, all references in any other statute other than this Act, and other than in section 665 of title 18, United States Code, to the Comprehensive Employment and Training Act shall be deemed to refer to the Job Training Partnership Act.

REPEALERS

SEC. 184. (a) Effective on the date of enactment of this Act—

29 USC 801 *et seq.*

(1) the Comprehensive Employment and Training Act is repealed;

Repeal.
29 USC 1625a.

(2) section 5(b) of the Comprehensive Employment and Training Act Amendments of 1978 is repealed.

TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

PART A—ADULT AND YOUTH PROGRAMS

ALLOTMENT

29 USC 1601.

SEC. 201. (a) Not more than $5,000,000 of the amount appropriated pursuant to section 3(a)(1) for each fiscal year and available for this part shall be allotted among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

(b)(1) Subject to the provisions of paragraph (2), of the remainder of the amount available for this part for each fiscal year—

(A) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each State as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in all the States;

(B) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States;

(C) 33⅓ percent shall be allotted on the basis of the relative number of economically disadvantaged individuals within the State compared to the total number of economically disadvantaged individuals in all States, except that, for the allotment for any State in which there is any service delivery area described in section 101(a)(4)(A)(iii), the allotment shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

(2)(A) No State shall receive less than one-quarter of 1 percent of the amounts available for allotment under this subsection for each such fiscal year.

(B) No State shall be allotted less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this subparagraph, the allotment percentage for each State for the fiscal year 1982 is the percent that each State received in 1982, pursuant to the formula allocations made under the Comprehensive Employment and Training Act, of the total such formula allocations for all States made under that Act in fiscal year 1982. For each succeeding fiscal year, the allotment percentage of a State shall be the percentage which the State received of all allotments pursuant to this subsection.

Ante, p. 1357.

Definitions.

(3) For purposes of paragraph (1)—

(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State, or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State; and

(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

WITHIN STATE ALLOCATION

29 USC 1602.

SEC. 202. (a)(1) The Governor shall, in accordance with section 162, allocate 78 percent of the allotment of the State (under section 201(b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2).

(2) Of the amount allocated under this subsection—

(A) 33⅓ percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the State;

(B) 33⅓ percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

(C) 33⅓ percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in section 101(a)(4)(A)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

Definitions.

(3) For the purpose of this section—

(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

(b)(1) Eight percent of the allotment of each State (under section 201(b)) for each fiscal year shall be available to carry out section 123, relating to State education programs under this Act.

(2) Three percent of such allotment of each State for each fiscal year shall be available to carry out section 124, relating to training programs for older individuals.

(3)(A) Six percent of such allotment of each State for each fiscal year shall be available to carry out subparagraph (B) of this paragraph.

Incentive grants.

(B) The amount reserved under subparagraph (A) of this paragraph shall be used by the Governor to provide incentive grants for programs exceeding performance standards, including incentives for serving hard-to-serve individuals. The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service delivery areas exceed their performance standards. If the full amount reserved under subparagraph (A) of this paragraph is not needed to make incentive grants under this subparagraph, the Governor shall use the amount not so needed for technical assistance to service delivery areas in the State which do not qualify for incentive grants under this subparagraph.

(4) Five percent of such allotment of the State for each fiscal year shall be available to the Governor of the State to be used for the cost of auditing activities, for administrative activities, and for other activities under sections 121 and 122.

ELIGIBILITY FOR SERVICES

29 USC 1603.

SEC. 203. (a)(1) Except as provided in paragraph (2), an individual shall be eligible to particpate in programs receiving assistance under this title only if such individual is economically disadvantaged.

(2) Up to 10 percent of the participants in all programs in a service delivery area receiving assistance under this part may be individuals who are not economically disadvantaged if such individuals have encountered barriers to employment. Such individuals may include, but are not limited to, those who have limited English-language proficiency, or are displaced homemakers, school dropouts, teenage parents, handicapped, older workers, veterans, offenders, alcoholics, or addicts.

(b)(1) Funds provided under this part shall be used in accordance with the job training plan to provide authorized services to disadvantaged youth and adults. Except as provided in paragraph (2), not less than 40 percent of the funds available for such services shall be expended to provide such services to eligible youth.

(2) To the extent that the ratio of economically disadvantaged youth to economically disadvantaged adults in the service delivery area differs from the ratio of such individuals nationally (as published by the Secretary), the amount which shall be required to expend for services for youth under paragraph (1) shall be reduced or increased proportionately in accordance with regulations prescribed by the Secretary.

42 USC 601.
42 USC 602.

(3) Recipients of payments made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act who are required to, or have, registered under section 402(a)(19) of that Act and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons sixteen years of age or over in the area. For purposes of this paragraph, a school dropout is an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.

School dropout

(4) In each service delivery area the ratio of participants in on-the-job training assisted under this title in the public sector to partici-

pants in such training in the private sector shall not exceed the ratio between civilian governmental employment and nongovernmental employment in such area.

(c) For purposes of this title—

(1) the term "youth" means an individual who is aged 16 through 21, and "Youth."

(2) the term "adult" means an individual who is 22 years of age or older. "Adult."

USE OF FUNDS

SEC. 204. Services which may be made available to youth and adults with funds provided under this title may include, but need not be limited to— 29 USC 1604.

(1) job search assistance,

(2) job counseling,

(3) remedial education and basic skills training,

(4) institutional skill training,

(5) on-the-job training,

(6) programs of advanced career training which provide a formal combination of on-the-job and institutional training and internship assignments which prepare individuals for career employment,

(7) training programs operated by the private sector, including those operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to train workers in occupations for which demand exceeds supply,

(8) outreach to make individuals aware of, and encourage the use of employment and training services,

(9) specialized surveys not available through other labor market information sources,

(10) programs to develop work habits and other services to individuals to help them obtain and retain employment,

(11) supportive services necessary to enable individuals to participate in the program and to assist them in retaining employment for not to exceed 6 months following completion of training,

(12) upgrading and retraining,

(13) education-to-work transition activities,

(14) literacy training and bilingual training,

(15) work experience,

(16) vocational exploration,

(17) attainment of certificates of high school equivalency,

(18) job development,

(19) employment generating activities to increase job opportunities for eligible individuals in the area,

(20) pre-apprenticeship programs,

(21) disseminating information on program activities to employers,

(22) use of advanced learning technology for education, job preparation, and skills training,

(23) development of job openings,

(24) on-site industry-specific training programs supportive of industrial and economic development,

(25) followup services with participants placed in unsubsidized employment,

(26) coordinated programs with other Federal employment-related activities,

(27) needs-based payments necessary to participation in accordance with a locally developed formula or procedure, and

(28) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of that training.

EXEMPLARY YOUTH PROGRAMS

29 USC 1605.

SEC. 205. (a) In addition to the services for youth which may be available in accordance with section 204, the job training plan may, at the option of those responsible for its preparation, elect to include one or more of the exemplary youth programs described in subsections (b) through (e) of this section, each of which may be modified by the plan to accommodate local conditions.

(b)(1) The job training plan may provide for the conduct of an "education for employment program" for eligible youth who have not attained a high school diploma or who have educational deficiencies despite the attainment of a diploma, with priority given to high school dropouts.

(2) The education for employment programs may provide for the maintenance of a network of learning centers offering individualized or group instruction in convenient locations, such as schools, neighborhood organizations, libraries, and other sites, including mobile vans in rural areas.

(3) The curricula provided by such network shall be designed to prepare the student to meet State and locally determined general education diploma and basic education competency requirements.

(4) For purposes of this section, priority shall be given in the selection of service providers to previously funded in-school and community based organization projects which are both cost-effective and of demonstrated success, and which otherwise meet criteria under this Act.

Preemployment skills training program.

(c)(1) The job training plan may provide for the conduct of a "preemployment skills training program" for youth, and individuals aged 14 and 15, with priority being given to those individuals who do not meet established levels of academic achievement and who plan to enter the full-time labor market upon leaving school.

(2) The preemployment skill training program may provide youth up to 200 hours of instruction and activities.

(3) The instruction and activities may include—

(A) assessment, testing, and counseling;
(B) occupational career and vocational exploration;
(C) job search assistance;
(D) job holding and survival skills training;
(E) basic life skills training;
(F) remedial education;
(G) labor market information; and
(H) job-seeking skills training.

Entry employment experience program.

(d)(1) The job training plan may provide for the conduct of an "entry employment experience program" for youth who—

(A) have completed preemployment skills training or its equivalent;

(B) have not recently held a regular part-time or summer job for more than 250 hours of paid employment, except that this paragraph may be waived in accordance with criteria established in the job training plan; and

(C) are enrolled in a secondary school or an institution offering a certified high school equivalency program and are meeting or have met the minimum academic and attendance requirements of that school or education program during the current or most recent term,

with priority given to youth who do not plan to continue on to postsecondary education.

Entry employment experiences.

(2) Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer and holidays, for a total of not to exceed 500 hours of entry employment experience for any individual. Such experiences shall be appropriately supervised, including the maintenance of standards of attendance and worksite performance.

(3) Entry employment experiences may be one of the following types:

(A) Full-time employment opportunities in public and private nonprofit agencies during the summer and on a part-time basis in combination with education and training activities. These jobs shall provide community improvement services that complement local expenditures.

(B) Tryout employment at private for-profit worksites, or at public and private nonprofit worksites when private for-profit worksites are not available. Compensation in lieu of wages for tryout employment shall be paid by the grant recipient, but the length of any assignment to a tryout employment position shall not exceed 250 hours. Tryout employment positions shall be ones for which participants would not usually be hired (because of lack of experience or other barriers to employment), and vacancies in such positions may not be refilled if the previous participant completed the tryout employment but was not hired by the employer.

(C) Cooperative education programs to coordinate educational programs with work in the private sector.

School-to-work transition assistance program.

(e)(1) The job training plan may provide for the conduct of a "school-to-work transition assistance program" for youth who are—

(A) high school seniors who plan to enter the full-time labor market upon graduation, with priority to seniors in high schools having a predominance of students from families with incomes below 70 percent of the lower living standard income level; and

(B) dropouts, with followup as immediately as possible after leaving school.

(2) Transition services include—

(A) provision of occupational information;
(B) short-duration job search assistance;
(C) job clubs;
(D) placement and job development; and
(E) followup.

(3) Seniors and dropouts who are eligible for and in need of training activities may be provided information and, where appropriate, referred to—

(A) preemployment skills training, entry employment experience, and remedial education;
(B) adult training activities; and
(C) the Job Corps.

PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

AUTHORIZATION OF APPROPRIATIONS; ALLOTMENT AND ALLOCATION

29 USC 1631. SEC. 251. (a) From the funds appropriated under section 3(b), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a)(2) and (3).

USE OF FUNDS

29 USC 1632. SEC. 252. Funds available under this part may be used for—

(1) basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, and any other employment or job training activity designed to give employment to eligible individuals or prepare them for, and place them in, employment; and

(2) supportive services necessary to enable such individuals to participate in the program.

LIMITATIONS

29 USC 1633. SEC. 253. (a) Programs under this part shall be conducted during the summer months.

(b) Except as provided in subsection (c), individuals eligible under this part shall be economically disadvantaged youth.

(c) Eligible individuals aged 14 or 15 shall, if appropriate and set forth in the job training plan, be eligible for summer youth programs under this part.

APPLICABLE PROVISIONS

29 USC 1634.
Ante, p. 1327.

SEC. 254. Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this part as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II.

Ante, p. 1358.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

ALLOCATION OF FUNDS

29 USC 1651. SEC. 301. (a) From the amount appropriated to carry out this title for any fiscal year, the Secretary may reserve up to 25 percent of such amount for use by the States in accordance with subsection (c).

Funds allocation.

(b) The Secretary shall allot the remainder of the amount appropriated to carry out this title for any fiscal year among the States as follows:

(1) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

"Excess number."

(2) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States. For purposes of this paragraph, the term "excess number" means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

(3) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

Funding application, submittal.

(c) The Secretary shall make available the sums reserved under subsection (a) for the purpose of providing training, retraining, job search assistance, placement, relocation assistance, and other aid (including any activity authorized by section 303) to individuals who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocations of Federal facilities), or who reside in areas of high unemployment or designated enterprise zones. In order to qualify for assistance from funds reserved by the Secretary under subsection (a), a State shall, in accordance with regulations promulgated by the Secretary establishing criteria for awarding assistance from such funds, submit an application identifying the need for such assistance and the types of, and projected results expected from, activities to be conducted with such funds.

(d) The Secretary is authorized to reallot any amount of any allotment to a State to the extent that the Secretary determines that the State will not be able to obligate such amount within one year of allotment.

IDENTIFICATION OF DISLOCATED WORKERS

29 USC 1652.

SEC. 302. (a) Each State is authorized to establish procedures to identify substantial groups of eligible individuals who—

(1) have been terminated or laid-off or who have received a notice of termination or lay-off from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age.

(b) The State may provide for the use of the private industry councils established under title I of this Act to assist in making the identification established under subsection (a).

(c)(1) Whenever a group of eligible individuals is identified under subsection (a), the State, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such individuals could be retrained.

(2) The State shall determine whether training opportunities for such employment opportunities exist or could be provided within the local labor market area.

(d) Whenever training opportunities pursuant to subsection (c) are identified, information concerning the opportunities shall be made available to the individuals. The acceptance of training for such opportunities shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

AUTHORIZED ACTIVITIES

29 USC 1653.

SEC. 303. (a) Financial assistance provided to States under this title may be used to assist eligible individuals to obtain unsubsidized employment through training and related employment services which may include, but are not limited to—

(1) job search assistance, including job clubs,

(2) job development,

(3) training in jobs skills for which demand exceeds supply,

(4) supportive services, including commuting assistance and financial and personal counseling,

(5) pre-layoff assistance,

(6) relocation assistance, and

(7) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities.

(b) Relocation assistance may be provided if the State determines (1) that the individual cannot obtain employment within the individual's commuting area, and (2) that the individual has secured suitable long-duration employment or obtained a bona fide job offer in a relocation area in a State.

MATCHING REQUIREMENT

29 USC 1654.

SEC. 304. (a)(1) In order to qualify for financial assistance under this title, a State shall demonstrate, to the satisfaction of the Secretary, that it will expend for purposes of services assisted under this title, an amount from public or private non-Federal sources equal to the amount made available to that State under section 301(b).

(2) Whenever the average rate of unemployment for a State is higher than the average rate of unemployment for all States, the non-Federal matching funds described in paragraph (1) required to be provided by such State for that fiscal year shall be reduced by 10 percent for each 1 percent, or portion thereof, by which the average rate of unemployment for that State is greater than the average rate of unemployment for all States.

(3) The Secretary shall determine the average rate of unemployment for a State and the average rate of unemployment for all

States for each fiscal year on the basis of the most recent twelve-month period prior to that fiscal year.

(b)(1) Such non-Federal matching funds shall include the direct cost of employment or training services under this title provided by State or local programs (such as vocational education), private nonprofit organizations, or private for-profit employers.

(2) Funds expended from a State fund to provide unemployment insurance benefits to an eligible individual for purposes of this title and who is enrolled in a program of training or retraining under this title may be credited for up to 50 percent of the funds required to be expended from non-Federal sources as required by this section.

PROGRAM REVIEW

SEC. 305. Except for programs of assistance operated on a statewide or industry-wide basis, no program of assistance conducted with funds made available under this title may be operated within any service delivery area without a 30-day period for review and recommendation by the private industry council and appropriate chief elected official or officials for such area. The State shall consider the recommendation of such private industry council and chief elected official or officials before granting final approval of such program, and in the event final approval is granted contrary to such recommendation, the State shall provide the reasons therefor in writing to the appropriate private industry council and chief elected official or officials. 29 USC 1655

CONSULTATION WITH LABOR ORGANIZATIONS

SEC. 306. Any assistance program conducted with funds made available under this title which will provide services to a substantial number of members of a labor organization shall be established only after full consultation with such labor organization. 29 USC 1656.

LIMITATIONS

SEC. 307. (a) Except as provided in subsection (b), there shall be available for supportive services, wages, allowances, stipends, and costs of administration, not more than 30 percent of the Federal funds available under this title in each State. 29 USC 1657.

(b) The funds to which the limitation described in subsection (a) applies shall not include the funds referred to in section 301(a). In no event shall such limitation apply to more than 50 percent of the total amount of Federal and non-Federal funds available to a program.

STATE PLANS; COORDINATION WITH OTHER PROGRAMS

SEC. 308. Any State which desires to receive financial assistance under this title shall submit to the Secretary a plan for the use of such assistance which shall include appropriate provisions for the coordination of programs conducted with such assistance, as described in section 121, low-income weatherization and other energy conservation programs, and social services. 29 USC 1658.

TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANT AND SEASONAL FARMWORKERS

NATIVE AMERICAN PROGRAMS

29 USC 1671.

SEC. 401. (a) The Congress finds that (1) serious unemployment and economic disadvantages exist among members of Indian, Alaskan Native, and Hawaiian Native communities; (2) there is a compelling need for the establishment of comprehensive training and employment programs for members of those communities; and (3) such programs are essential to the reduction of economic disadvantages among individual members of those communities and to the advancement of economic and social development in the communities consistent with their goals and lifestyles.

(b) The Congress therefore declares that, because of the special relationship between the Federal Government and most of the individuals to be served by the provisions of this section, (1) such programs shall be administered at the national level; (2) such programs shall be available to federally recognized Indian tribes, bands, and groups and to other groups and individuals of Native American descent; and (3) such programs shall be administered in such a manner as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served by this section.

43 USC 1601 note.

(c)(1)(A) In carrying out responsibilities under this section, the Secretary shall, wherever possible, utilize Indian tribes, bands, or groups on Federal or State reservations, Oklahoma Indians, and including for the purpose of this Act, Alaska Native villages or groups as defined in the Alaska Native Claims Settlement Act, having a governing body for the provision of employment and training services under this section. When the Secretary determines that such tribe, band, or group has demonstrated the capability to effectively administer a comprehensive employment and training program, the Secretary shall require such tribe, band, or group to submit a comprehensive plan meeting such requirements as the Secretary prescribes.

(B) The Secretary shall arrange for programs to meet the employment and training needs of Hawaiian natives through such organizations as the Secretary determines will best meet their needs.

(2) In carrying out responsibilities under this section, the Secretary shall make arrangements with organizations (meeting requirements prescribed by the Secretary) serving nonreservation Native Americans for programs and projects designed to meet the needs of such Native Americans for employment and training and related services.

(d) Whenever the Secretary determines not to utilize Indian tribes, bands, or groups for the provision of employment and training services under this section, the Secretary shall, to the maximum extent feasible, enter into arrangements for the provision of such services with organizations which meet with the approval of the tribes, bands, or groups to be served.

(e) The Secretary is directed to take appropriate action to establish administrative procedures and machinery (including personnel having particular competence in this field) for the selection, administration, monitoring, and evaluation of Native American employment and training programs authorized under this Act.

(f) Funds available for this section shall be expended for programs and activities consistent with the purposes of this section including but not limited to such programs and activities carried out by recipients under other provisions of this Act.

(g) No provision of this section shall abrogate in any way the trust responsibilities of the Federal Government to Native American bands, tribes, or groups.

Rules, regulations and performance standards.

(h)(1) The Secretary shall, after consultation with representatives of Indians and other Native Americans, prescribe such rules, regulations, and performance standards relating to Native American programs under this section as may be required to meet the special circumstances under which such programs operate.

Performance goals.

(2) Recipients of funds under this section shall establish performance goals, which shall, to the extent required by the Secretary, comply with performance standards established by the Secretary pursuant to section 103.

Technical assistance.

(i) The Secretary shall provide technical assistance as necessary to tribes, bands, and groups eligible for assistance under this section.

(j) For the purpose of carrying out this section, the Secretary shall reserve, from funds available for this title (other than part B) for any fiscal year, an amount equal to 3.3 percent of the amount available for part A of title II of this Act for such fiscal year.

MIGRANT AND SEASONAL FARMWORKER PROGRAMS

29 USC 1672.

Sec. 402. (a) The Congress finds and declares that—

(1) chronic seasonal unemployment and underemployment in the agricultural industry, aggravated by continual advancements in technology and mechanization resulting in displacement, constitute a substantial portion of the Nation's rural employment problem and substantially affect the entire national economy; and

(2) because of farmworker employment and training problems, such programs shall be centrally administered at the national level.

(b) The Secretary is directed to take appropriate action to establish administrative procedures and machinery (including personnel having particular competence in this field) for the selection, administration, monitoring, and evaluation of migrant and seasonal employment and training programs authorized under this Act.

(c)(1) The Secretary shall provide services to meet the employment and training needs of migrant and seasonal farmworkers through such public agencies and private nonprofit organizations as the Secretary determines to have an understanding of the problems of migrant and seasonal farmworkers, a familiarity with the area to be served, and a previously demonstrated capability to administer effectively a diversified employability development program for migrant and seasonal farmworkers. In awarding any grant or contract for services under this section, the Secretary shall use procedures consistent with standard competitive Government procurement policies.

Grants or contracts.

(2) The Secretary may approve the designation of grantees under this section for a period of two years.

(3) Programs and activities supported under this section, including those carried out under other provisions of this Act, shall enable

farmworkers and their dependents to obtain or retain employment, to participate in other program activities leading to their eventual placement in unsubsidized agricultural or nonagricultural employment, and to participate in activities leading to stabilization in agricultural employment, and shall include related assistance and supportive services.

Performance goals.

(4) Recipients of funds under this section shall establish performance goals, which shall, to the extent required by the Secretary, comply with performance standards established by the Secretary pursuant to section 103.

(5) No programs and activities supported under this section shall preclude assistance to farmworkers under any other provision of this Act.

(d) In administering programs under this section, the Secretary shall consult with appropriate State and local officials.

(e) The Secretary is directed to take appropriate action to establish administrative procedures and machinery (including personnel having particular competence in this field) for the selection, administration, monitoring, and evaluation of migrant and seasonal farmworker's employment and training programs authorized under this Act.

(f) For the purpose of carrying out this section, the Secretary shall reserve, from funds available for this title (other than part B) for any fiscal year, an amount equal to 3.2 percent of the amount available for part A of title II of this Act for such fiscal year.

Part B—Job Corps

STATEMENT OF PURPOSE

29 USC 1691.

Sec. 421. This part maintains a Job Corps for economically disadvantaged young men and women which shall operate exclusively as a distinct national program, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. The purpose of this part is to assist young individuals who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens; and to do so in a way that contributes, where feasible, to the development of national, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

ESTABLISHMENT OF THE JOB CORPS

29 USC 1692.

Sec. 422. There shall be within the Department of Labor a "Job Corps".

INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

29 USC 1693.

Sec. 423. To become an enrollee in the Job Corps, a young man or woman must be an eligible youth who—

Waiver.

(1) has attained age 14 but not attained age 22 at the time of enrollment, except that such maximum age limitation may be waived, in accordance with regulations of the Secretary, in the case of any handicapped individual;

(2) is economically disadvantaged or is a member of a family which is economically disadvantaged, and who requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment, participate successfully in regular school work, qualify for other suitable training programs, or satisfy Armed Forces requirements;

(3) is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair prospects for successful participation in other programs providing needed training, education, or assistance;

(4) is determined, after careful screening as provided for in sections 424 and 425 to have the present capabilities and aspirations needed to complete and secure the full benefit of the Job Corps and to be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct, discipline, work, and training which the Job Corps involves; and

(5) meets such other standards for enrollment as the Secretary may prescribe and agrees to comply with all applicable Job Corps rules and regulations.

SCREENING AND SELECTION OF APPLICANTS: GENERAL PROVISIONS

Standards and procedures.
29 USC 1694.

Sec. 424. (a) The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps. To the extent practicable, these rules shall be implemented through arrangements with agencies and organizations such as community action agencies, public employment offices, entities administering programs under title II of this Act, professional groups, labor organizations, and agencies and individuals having contact with youth over substantial periods of time and able to offer reliable information as to their needs and problems. The rules shall provide for necessary consultation with other individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers. The rules shall also provide for the interviewing of each applicant for the purpose of—

(1) determining whether the applicant's educational and vocational needs can best be met through the Job Corps or an alternative program in the applicant's home community;

(2) obtaining from the applicant pertinent data relating to background, needs, and interests for determining eligibility and potential assignment; and

(3) giving the applicant a full understanding of the Job Corps and what will be expected of an enrollee in the event of acceptance.

Payments.

(b) The Secretary is authorized to make payments to individuals and organizations for the cost of the recruitment, screening, and selection of candidates, as provided for in this part. The Secretary shall make no payments to any individual or organization solely as compensation for referring the names of candidates for Job Corps.

Rural areas, selection.

(c) The Secretary shall assure that Job Corps enrollees include an appropriate number of candidates selected from rural areas, taking into account the proportions of eligible youth who reside in rural areas and the need to provide residential facilities for such youth.

SCREENING AND SELECTION; SPECIAL LIMITATIONS

29 USC 1695.

Sec. 425. (a) No individual shall be selected as an enrollee unless there is reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the center to which the individual might be assigned and surrounding communities, and unless the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe those rules.

(b) An individual on probation or parole may be selected only if release from the supervision of the probation or parole officials is satisfactory to those officials and the Secretary and does not violate applicable laws or regulations. No individual shall be denied a position in the Job Corps solely on the basis of that individual's contact with the criminal justice system.

ENROLLMENT AND ASSIGNMENT

29 USC 1696.

Sec. 426. (a) No individual may be enrolled in the Job Corps for more than two years, except in any case in which completion of an advanced career program under section 428 would require an individual to participate in excess of two years, or except as the Secretary may authorize in special cases.

(b) Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

Waiver.

(c) After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center which is closest to the enrollee's home, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for youth from various sections of the Nation to participate in the program, to prevent undue delays in assignment, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

JOB CORPS CENTERS

29 USC 1697.

20 USC 2304.

Sec. 427. (a)(1) The Secretary may make agreements with Federal, State, or local agencies, including a State board or agency designated pursuant to section 104(a)(1) of the Vocational Education Act of 1963 which operates or wishes to develop area vocational education school facilities or residential vocational schools (or both) as authorized by such Act, or private organizations for the establishment and operation of Job Corps centers. Job Corps centers may, subject to paragraph (2), be residential or nonresidential in character, or both, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other services appropriate to their needs. The centers shall include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest. The centers shall also include training centers located in either urban or rural areas which shall provide activities including training and other services for specific types of skilled or semiskilled employment.

(2) In any year, not more than 10 percent of the individuals enrolled in the Job Corps may be nonresidential participants.

(b) To the extent feasible, Job Corps centers shall offer education and vocational training opportunities, together with supportive services, on a nonresidential basis to participants in other programs under this Act. Such opportunities may be offered on a reimbursable basis or through such other arrangements as the Secretary may specify.

PROGRAM ACTIVITIES

29 USC 1698.

SEC. 428. (a) Each Job Corps center shall provide enrollees with an intensive, well-organized, and fully supervised program of education, vocational training, work experience, planned vocational and recreational activities, physical rehabilitation and development, and counseling. To the fullest extent feasible, the required program shall include activities to assist enrollees in choosing realistic career goals, coping with problems they may encounter in home communities, or in adjusting to new communities, and planning and managing their daily affairs in a manner that will best contribute to long-term upward mobility. Center programs shall include required participation in center maintenance work to assist enrollees in increasing their sense of contribution, responsibility, and discipline.

(b) The Secretary may arrange for enrollee education and vocational training through local public or private educational agencies, vocational educational institutions, or technical institutes, whenever such institutions provide training substantially equivalent in cost and quality to that which the Secretary could provide through other means.

Certificates of educational attainment.

(c) To the extent feasible, arrangements for education, both at the center and at other locations, shall provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school. The Secretary, with the concurrence of the Secretary of Education, shall develop certificates to be issued to each enrollee who satisfactorily completes service in the Job Corps and which will reflect the enrollee's level of educational attainment.

Advanced career training.

(d)(1) The Secretary may arrange for programs of advanced career training for selected Corps enrollees in which they may continue to participate for a period not to exceed one year in addition to the period of participation to which Corps enrollees would otherwise be limited.

(2) Advanced career training may be provided for in postsecondary institutions for Corps enrollees who have attained a high school diploma or its equivalent, have demonstrated commitment and capacity in their previous Job Corps participation, and have an identified occupational goal.

(3) The Secretary may contract with private for-profit businesses and labor unions to provide intensive training in company-sponsored training programs, combined with internships in work settings.

(4) During the period of participation in advanced career training programs, Corps enrollees shall be eligible for full Job Corps benefits or a monthly stipend equal to the average value of residential support, food, allowances, and other benefits in residential Job Corps centers, except that the total amount for which an enrollee shall be eligible shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee.

(5) After an initial period of time, determined to be reasonable by the Secretary, any Job Corps center seeking to enroll new Corps enrollees in any advanced career training program shall demonstrate that such program has achieved a reasonable rate of completion and placement in training-related jobs before such new enrollments may occur.

ALLOWANCES AND SUPPORT

29 USC 1699.

SEC. 429. (a) The Secretary shall provide enrollees with such personal, travel, and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, and other expenses as he may deem necessary or appropriate to their needs. For the fiscal year ending September 30, 1983, personal allowances shall be established at a rate not to exceed $65 per month during the first six months of an enrollee's participation in the program and not to exceed $110 per month thereafter, except that allowances in excess of $65 per month, but not exceeding $110 per month, may be provided from the beginning of an enrollee's participation if it is expected to be of less than six months' duration and the Secretary is authorized to pay personal allowances in excess of the rates specified in this subsection in unusual circumstances as determined by him. Such allowances shall be graduated up to the maximum so as to encourage continued participation in the program, achievement and the best use by the enrollee of the funds so provided and shall be subject to reduction in appropriate cases as a disciplinary measure. To the degree reasonable, enrollees shall be required to meet or contribute to costs associated with their individual comfort and enjoyment from their personal allowances.

(b) The Secretary shall prescribe rules governing the accrual of leave by enrollees. Except in the case of emergency, he shall in no event assume transportation costs connected with leave of any enrollee who has not completed at least six months' service in the Job Corps.

Enrollment, termination.
Readjustment allowance.

(c) The Secretary may provide each former enrollee upon termination, a readjustment allowance at a rate not to exceed, for the fiscal year ending September 30, 1983, $110 for each month of satisfactory participation in the Job Corps. No enrollee shall be entitled to a readjustment allowance unless he has remained in the program at least 90 days, except in unusual circumstances as determined by the Secretary. The Secretary may, from time to time, advance to or on behalf of an enrollee such portions of his readjustment allowances as the Secretary deems necessary to meet extraordinary financial obligations incurred by that enrollee. The Secretary is authorized, pursuant to rules or regulations, to reduce the amount of an enrollee's readjustment allowance as a penalty for misconduct during participation in the Job Corps. In the event of an enrollee's death during his period of service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582 of title 5, United States Code.

(d) Such portion of the readjustment allowance as prescribed by the Secretary may be paid monthly during the period of service of the enrollee directly to a spouse or child of an enrollee, or to any other relative who draws substantial support from the enrollee, and any amount so paid shall be supplemented by the payment of an equal amount by the Secretary.

STANDARDS OF CONDUCT

SEC. 430. (a) Within Job Corps centers standards of conduct shall be provided and stringently enforced. If violations are committed by enrollees, dismissal from the Corps or transfers to other locations shall be made if it is determined that their retention in the Corps, or in the particular center, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. 29 USC 1700.

(b) To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees, including dismissal from the Job Corps, subject to expeditious appeal to the Secretary.

COMMUNITY PARTICIPATION

SEC. 431. The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers and nearby communities. These activities shall include the establishment of community advisory councils to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest. Youth shall be represented on the advisory council and separate youth councils may be established composed of enrollees and young people from the communities. The Secretary shall assure that each center is operated with a view to achieving, so far as possible, objectives which shall include— 29 USC 1701.

(1) giving community officials appropriate advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community;

(2) affording the community a meaningful voice in center affairs of direct concern to it, including policies governing the issuance and terms of passes to enrollees;

(3) providing center officials with full and rapid access to relevant community groups and agencies, including law enforcement agencies and agencies which work with young people in the community;

(4) encouraging the fullest practicable participation of enrollees in programs for community improvement or betterment, with appropriate advance consultation with business, labor, professional, and other interested community groups;

(5) arranging recreational, athletic, or similar events in which enrollees and local residents may participate together;

(6) providing community residents with opportunities to work with enrollees directly as part-time instructors, tutors, or advisers, either in the center or in the community;

(7) developing, where feasible, job or career opportunities for enrollees in the community; and

(8) promoting interchanges of information and techniques among, and cooperative projects involving, the center and community schools and libraries, educational institutions, agencies serving young people and recipients of funds under this Act.

COUNSELING AND JOB PLACEMENT

29 USC 1702. SEC. 432. (a) The Secretary shall counsel and test each enrollee at regular intervals to measure progress in educational and vocational programs.

(b) The Secretary shall counsel and test enrollees prior to their scheduled terminations to determine their capabilities and shall make every effort to place them in jobs in the vocation for which they are trained or to assist them in attaining further training or education. In placing enrollees in jobs, the Secretary shall utilize the public employment service system to the fullest extent possible.

(c) The Secretary shall determine the status and progress of enrollees scheduled for termination and make every effort to assure that their needs for further education, training, and counseling are met.

(d) The Secretary shall arrange for the readjustment allowance to be paid to former enrollees (who have not already found employment) at the State employment service office nearest the home of any such former enrollee who is returning home, or at the nearest such office where the former enrollee has indicated an intent to reside. If the Secretary uses any other public agency or private organization in lieu of the public employment service system, the Secretary shall arrange for that organization or agency to pay the readjustment allowance.

EXPERIMENTAL AND DEVELOPMENTAL PROJECTS AND COORDINATION WITH OTHER PROGRAMS

29 USC 1703. SEC. 433. (a)(1) The Secretary is authorized to undertake experimental, research, or demonstration projects to develop or test ways of better using facilities, encouraging a more rapid adjustment of enrollees to community life that will permit a reduction in their period of enrollment, reducing transportation and support costs, or otherwise promoting greater efficiency and effectiveness in the program. These projects shall include one or more projects providing youth with education, training, and other supportive services on a combined residential and nonresidential basis.

(2) The Secretary is authorized to undertake one or more pilot projects designed to determine the value of Job Corps participation for young adults aged 22 to 24, inclusive.

(3) The Secretary is authorized to undertake one or more pilot projects designed to involve youth who have a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other behavioral aberrations.

(4) Projects under this subsection shall be developed after appropriate consultation with other Federal or State agencies conducting similar or related programs or projects and with the administrative entity in the communities where the projects will be carried out. They may be undertaken jointly with other Federal or federally assisted programs, and funds otherwise available for activities under those programs shall, with the consent of the head of any agency concerned, be available for projects under this section to the extent

Waiver.

Report to Congress.

they include the same or substantially similar activities. The Secretary is authorized to waive any provision of this part which the Secretary finds would prevent the carrying out of elements of projects under this subsection essential to a determination of their feasibility and usefulness. The Secretary shall, in the annual report of the Secretary, report to the Congress concerning the actions taken under this section, including a full description of progress made in connection with combined residential and nonresidential projects.

(b) In order to determine whether upgraded vocational education schools could eliminate or substantially reduce the school dropout problem, and to demonstrate how communities could make maximum use of existing educational and training facilities, the Secretary, in cooperation with the Secretary of Education, is authorized to enter into one or more agreements with State educational agencies to pay the cost of establishing and operating model community vocational education schools and skill centers.

(c)(1) The Secretary, through the Job Corps and activities authorized under sections 452 and 455, shall develop and implement activities designed to disseminate information gained from Job Corps program experience which may be of use in the innovation and improvement of related programs. To carry out this purpose, the Secretary may enter into appropriate arrangements with any Federal or State agency.

(2) The Secretary is authorized to develop Job Corps programs to test at various centers the efficacy of selected education or training activities authorized under this or any other Act and to appropriately disseminate the results of such tests. To carry out this purpose, the Secretary may enter into appropriate arrangements with any Federal or State agency.

Pilot projects.

Reimbursement.

(d) The Secretary is authorized to enter into appropriate arrangements with the Secretary of Defense for the development of pilot projects at Job Corps centers to prepare youth to qualify for military service. In the event that the Secretary of Labor and the Secretary of Defense agree that such pilot projects should be expanded into permanent programs, the Secretary may establish such permanent programs within the Job Corps, if the Secretary of Defense agrees (1) to provide 50 percent of the costs attributable to such permanent programs, and (2) to reimburse the Secretary of Labor for an additional amount if more than 50 percent of the enrollees in such programs become members of the Armed Forces. Such additional amount shall be equal to a percentage of such costs which is the percentage by which more than 50 percent of such enrollees become such members. In addition to the provision of funds, such reimbursement may include the provision of equipment, materials, transportation, technical assistance, or other assistance, as specified by the Secretary.

(e) In order to determine whether community participation as required under section 431 can be improved through the closer involvement of community-based organizations, the Secretary is authorized to undertake one or more pilot projects utilizing community-based organizations of demonstrated effectiveness for Job Corps center operation. For purposes of such pilot projects, the term "community-based organizations" may include nonprofit educational foundations organized on a State or local basis.

"Community-based organizations."

ADVISORY BOARDS AND COMMITTEES

29 USC 1704. SEC. 434. The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

PARTICIPATION OF THE STATES

29 USC 1705. SEC. 435. (a) The Secretary shall take action to facilitate the effective participation of States in the Job Corps programs, including consultation with appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards of enrollee conduct and discipline, development of meaningful work experience and other activities for enrollees, and coordination with State-operated programs.

(b) The Secretary is authorized to enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Secretary is authorized, pursuant to regulations, to pay part or all of the costs of such programs to the extent such costs are attributable to carrying out the purpose of this part.

Limitation. (c) No Job Corps center or other similar facility designed to carry out the purpose of this part shall be established within a State unless a notice setting forth such proposed establishment has been submitted to the Governor, and the establishment has not been disapproved by the Governor within thirty days of such submission.

(d) All property which would otherwise be under exclusive Federal legislative jurisdiction shall be under concurrent jurisdiction with the appropriate State and locality with respect to criminal law enforcement as long as a Job Corps center is operated on such property.

APPLICATION OF PROVISIONS OF FEDERAL LAW

Federal employment. 29 USC 1706. SEC. 436. (a) Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.) enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

5 USC 8101 *et seq.* "Employee." (2) For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except—

Performance of duty.

(A) the term "performance of duty" shall not include any act of an enrollee while absent from the assigned post of duty of such enrollee, except while participating in an activity (including an activity while on pass or during travel to or from such post or duty) authorized by or under the direction and supervision of the Job Corps;

Disability compensation.

(B) in computing compensation benefits for disability or death, the monthly pay of an enrollee shall be deemed that received under the entrance salary for a grade GS-2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

(C) compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee is terminated.

(3) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

(b) Whenever the Secretary finds a claim for damages to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United States Code, the Secretary is authorized to adjust and settle it in an amount not exceeding $1,500.

(c) Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SPECIAL PROVISIONS

Women enrollment.
29 USC 1707.

SEC. 437. (a) The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

(b) The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of the Job Corps program shall become the property of the United States.

(c) Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts.

GENERAL PROVISIONS

29 USC 1708.

SEC. 438. The Secretary is authorized to—

(1) disseminate, with regard to the provisions of section 3204 of title 39, United States Code, data and information in such forms as the Secretary shall deem appropriate, to public agencies, private organizations, and the general public;

(2) collect or compromise all obligations to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection; and

(3) expend funds made available for purposes of this part—

(A) for printing and binding, in accordance with applicable law and regulation; and

(B) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by the Secretary, except that the Secretary shall not utilize the authority contained in this subparagraph—

(i) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this part, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form or under the conditions in which it is needed; and

(ii) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of the Secretary's intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority.

DONATIONS

29 USC 1709.

Sec. 439. The Secretary is authorized to accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including but not limited to, equipment and materials, if such donations are available for appropriate use for the purposes set forth in this part.

Part C—Veterans' Employment Programs

PROGRAMS AUTHORIZED

29 USC 1721.

Sec. 441. (a)(1) The Secretary shall conduct, directly or through grant or contract, programs to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service.

(2) Programs supported under this part may be conducted through public agencies and private nonprofit organizations, including recipients under other provisions of this Act that the Secretary determines have an understanding of the unemployment problems of such veterans, familiarity with the area to be served, and the capability to administer effectively a program of employment and training assistance for such veterans.

(3) Programs supported under this part shall include, but not be limited to—

(A) activities to enhance services provided veterans by other providers of employment and training services funded by Federal, State, or local government;

(B) activities to provide employment and training services to such veterans not adequately provided by other public employment and training service providers; and

(C) outreach and public information activities to develop and promote maximum job and job training opportunities for such veterans and to inform such veterans about employment, job-training, on-the-job training and educational opportunities under this Act, under title 38, United States Code, and under other provisions of law.

(b)(1) The Secretary shall administer programs supported under this part through the Assistant Secretary for Veterans' Employment.

(2) In carrying out responsibilities under this part, the Assistant Secretary for Veterans' Employment shall—

(A) be responsible for the awarding of grants and the distribution of funds under this part and for the establishment of appropriate fiscal controls, accountability, and program-performance standards for grant recipients under this part; and

(B) consult with the Administrator of Veterans' Affairs and take steps to ensure that programs supported under this part are coordinated, to the maximum extent feasible, with related programs and activities conducted under title 38, United States Code, including programs and activities conducted under subchapter IV of chapter 3 of such title, chapters 31 and 34 of such title, and sections 612A, 620A, 1787, and 2003A of such title. 38 USC 240, 1501 *et seq.*, 1651 *et seq.*, 612A, 620A, 1787, 2003A.

PART D—NATIONAL ACTIVITIES

MULTISTATE PROGRAMS

SEC. 451. (a) Funds available to carry out this section shall be used for job training programs or services (as authorized under any other provision of this Act) which are most appropriately administered at the national level and which are operated in more than one State. 29 USC 1731.

(b) Programs which are most appropriately administered at the national level include programs such as—

(1) programs addressed to industry-wide skill shortages;

(2) programs designed to train workers for employment opportunities located in another State;

(3) regional or nationwide efforts to develop a labor force with skills that promote the use of renewable energy technologies, energy conservation, and the weatherization of homes occupied by low-income families;

(4) programs designed to develop information networks among local programs with similar objectives under this Act; and

(5) programs which require technical expertise available at the national level and which serve specialized needs of particular client groups, including offenders, individuals of limited English language proficiency, handicapped individuals, women, single parents, displaced homemakers, youth, older workers, individuals who lack education credentials, public assistance recipients, and other individuals whom the Secretary determines require special assistance.

RESEARCH AND DEMONSTRATION

SEC. 452. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of employment and training research, utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the Nation's 29 USC 1732.

employment and training problems. The program under this section may include studies concerning the development or improvement of Federal, State, local, and privately supported employment and training programs; labor market processes and outcomes; policies and programs to reduce unemployment and the relationships thereof with price stability and other national goals; productivity of labor; improved means of forecasting and using forecasts of labor supply and demand at the national and subnational levels; methods of improving the wages and employment opportunities of low-skilled and disadvantaged workers; measuring and developing policies to eliminate worker shortages; and easing the transition from school to work, from transfer payment receipt to self-sufficiency, from one job to another, and from work to retirement.

(b) The Secretary shall establish a program of experimental, developmental, and demonstration projects, through grants or contracts, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting employment and training problems. Research activities may include studies, experiments, demonstrations, and pilot projects in such areas as easing the transition from school to work, assessing the changing demographics of the American work-force and addressing the short-term and long-term impact of the changes, increasing employment of skilled workers critical to defense readiness, and, subject to the last sentence of this subsection, projects developed in conjunction with the Secretary of Defense to meet civilian manpower needs on military installations and in the private sector, and eliminating artificial barriers to employment. The Secretary may pay not to exceed 60 percent of the costs of projects developed in conjunction with the Secretary of Defense described in the preceding sentence, and the contributions of the Department of Defense may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

PILOT PROJECTS

29 USC 1733.

SEC. 453. (a) From funds made available under this part, the Secretary may provide financial assistance for pilot projects which meet the employment-related needs of persons including the handicapped and displaced homemakers who face particular disadvantages in specific and general labor markets or occupations and other persons whom the Secretary determines require special assistance, and projects designed to address skill shortages that affect other critical national objectives, including national security.

(b) Each pilot project assisted under this section shall be designed to assist in eliminating artificial and other employment barriers faced by such persons.

(c) No project under this section shall be financially assisted for more than three years under this Act.

Applications.

(d) In selecting recipients under this section, the Secretary shall give special consideration to applications submitted by community-based organizations of demonstrated effectiveness, as well as to labor unions, and trade associations and their affiliates that address nationwide concerns through programs operating in more than one State.

EVALUATION

SEC. 454. (a) The Secretary shall provide for the continuing evaluation of all programs, activities, and research and demonstration projects conducted pursuant to this Act, including their cost-effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons by age, sex, race, and national origin, and the adequacy of the mechanism for the delivery of services. 29 USC 1734.

(b) The Secretary shall evaluate the effectiveness of programs authorized under this Act and part C of title II of the Social Security Act with respect to the statutory goals, the performance standards established by the Secretary, and of increases in employment and earnings for participants, reduced income support costs, increased tax revenues, duration in training and employment situations, information on the post-enrollment labor market experience of program participants for at least a year following their termination from such programs, and comparable information on other employees or trainees of participating employers. 42 USC 401.

TRAINING AND TECHNICAL ASSISTANCE

SEC. 455. (a) The Secretary, in consultation with appropriate officials, shall provide directly or through grants, contracts, or other arrangements, appropriate preservice and inservice training for specialized, supportive, supervisory, or other personnel, including job skills teachers, and appropriate technical assistance (including technical assistance to training programs for housing for migrant and seasonal farmworkers) with respect to programs under this Act, including the development and attainment of performance goals. Such activities may include the utilization of training and technical assistance capabilities which exist at the State and service delivery area level. 29 USC 1735.

(b) The Secretary shall establish a national clearinghouse to disseminate materials and information gained from exemplary program experience which may be of use in the innovation or improvement of other programs conducted pursuant to this Act. Information disclosure.

PART E—LABOR MARKET INFORMATION

LABOR MARKET INFORMATION; AVAILABILITY OF FUNDS

SEC. 461. (a) The Secretary shall set aside, out of sums available to the Department for any fiscal year including sums available for this title, such sums as may be necessary to maintain a comprehensive system of labor market information on a national, regional, State, local, or other appropriate basis, which shall be made publicly available in a timely fashion. 29 USC 1751.

(b) Funds available for purposes of this part shall also be available for purposes of section 125 (relating to State labor market information).

(c) Notwithstanding any other provision of law, funds available to other Federal agencies for carrying out chapter 35 of title 44, United States Code, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act), may be

44 USC 3501 *et seq.*;
20 USC 2301 note;
29 USC 49 note.

made available by the head of each such agency to assist in carrying out the provisions of this part.

COOPERATIVE LABOR MARKET INFORMATION PROGRAM

29 USC 1752. SEC. 462. (a) The Secretary shall develop and maintain for the Nation, State, and local areas, current employment data by occupation and industry, based on the occupational employment statistics program, including selected sample surveys, and projections by the Bureau of Labor Statistics of employment and openings by occupation.

(b) The Secretary shall maintain descriptions of job duties, training and education requirements, working conditions, and characteristics of occupations.

(c) In carrying out the provisions of this section, the Secretary shall assure that—

(1) departmental data collecting and processing systems are consolidated to eliminate overlap and duplication;

44 USC 3501 *et seq.* (2) the criteria of chapter 35 of title 44, United States Code, are met; and

(3) standards of statistical reliability and national standardized definitions of employment, unemployment, and industrial and occupational definitions are used.

(d)(1) The Secretary is authorized to develop data for an annual statistical measure of labor market related economic hardship in the Nation. Among the factors to be considered in developing such a measure are unemployment, labor force participation, involuntary part-time employment, and full-time employment at wages less than the poverty level.

(2) The Secretary is authorized to develop and maintain, on national, State, local, and other appropriate bases, household budget data at different levels of living, including a level of adequacy, to reflect the differences of household living costs in regions and localities, both urban and rural.

Report. (3) The Secretary shall publish, at least annually, a report relating labor force status to earnings and income.

(e) The Secretary shall develop and maintain statistical data relating to permanent lay-offs and plant closings. The Secretary shall publish a report based upon such data, as soon as practicable, after the end of each calendar year. Among the data to be included are—

(1) the number of such closings;

(2) the number of workers displaced;

(3) the location of the affected facilities; and

(4) the types of industries involved.

SPECIAL FEDERAL RESPONSIBILITIES

29 USC 1753. SEC. 463. (a) The Secretary, in cooperation with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Education, and the Director of the Office of Management and Budget, through the National Occupational Information Coordinating Committee established under section 161(b) of the
20 USC 2391. Vocational Education Act of 1963, shall—

(1) review the need for and the application of all operating national data collection and processing systems in order to identify gaps, overlap, and duplications, and integrate at the

national level currently available data sources in order to improve the management of information systems;

(2) maintain, assure timely review, and implement national standardized definitions with respect to terms, geographic areas, timing of collection, and coding measures, to the maximum extent feasible; and

(3) provide technical assistance to the States in the development, maintenance, and utilization of labor market/occupational supply and demand information systems and projections of supply and demand as described in section 125, with special emphasis on assistance in the utilization of cost-efficient automated systems and improving access of individuals to career opportunities information in local and State labor markets.

(b) The Secretary, in cooperation with the Secretary of Defense, shall assure the development of an integrated occupational supply and demand information system to be used by States and, in particular, in secondary and postsecondary educational institutions in order to assure young persons adequate information on career opportunities in the Armed Forces.

(c) The Secretary and the Director of the Office of Management and Budget shall assure that, from the funds reserved for this part, sufficient funds are available to provide staff at the Federal level to assure the coordination functions described in this section.

NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

SEC. 464. (a)(1) Of the amounts available for this part, not more than $5,000,000 is authorized to be reserved for the National Occupational Information Coordinating Committee (established pursuant to section 161(b) of the Vocational Education Act of 1963). 29 USC 1754. 20 USC 2391.

(2) In addition to the members required by such Act, the Committee shall include the Assistant Secretary of Commerce for Economic Development and the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics.

(3) Not less than 75 percent of the funds transferred by the Secretary to the National Occupational Information Coordinating Committee shall be used to support State occupational information coordinating committees and other organizational units designated under section 125 for carrying out State labor market information programs.

(b) In addition to its responsibilities under the Vocational Education Act of 1963, the National Occupational Information Coordinating Committee shall—

(1) carry out the provisions of section 463;

(2) give special attention to the labor market information needs of youth and adults, including activities such as (A) assisting and encouraging States to adopt methods of translating national occupational outlook information into State and local terms; (B) assisting and encouraging the development of State occupational information systems, including career information delivery systems and the provision of technical assistance for programs of on-line computer systems and other facilities to provide career information at sites such as local schools, public employment service offices, and job training programs authorized under this Act; (C) in cooperation with educational agencies and institutions, encouraging programs providing career information, counseling, and employment services for

postsecondary youth; and (D) in cooperation with State and local correctional agencies, encouraging programs of counseling and employment services for youth and adults in correctional institutions;

(3) provide training and technical assistance, and continuing support to State occupational information coordinating committees, in the development, maintenance, and use of occupational supply and demand information systems, with special emphasis on the use of cost efficient automated systems for delivering occupational information to planners and administrators of education and training programs and on improving the access of such planners and administrators to occupational information systems;

Report.

(4) publish at least annually a report on the status of occupational information capabilities at the State and national levels, which may include recommendations for improvement of occupational information production and dissemination capabilities;

(5) conduct research and demonstration projects designed to improve any aspect of occupational and career information systems;

(6) provide technical assistance for programs designed to encourage public and private employers to list all available job opportunities with occupational information and career counseling programs conducted by administrative entities and with local public employment service offices and to encourage cooperation and contact among such employers and such administrative entities and public employment service offices; and

(7) providing assistance to units of general local government and private industry councils to familiarize them with labor market information resources available to meet their needs.

20 USC 2391.

(c) All funds available to the National Occupational Information Coordinating Committee under this Act, under section 161 of the Vocational Education Act of 1963, and under section 12 of the Career Education Act may be used by the Committee to carry out any of its functions and responsibilities authorized by law.

JOB BANK PROGRAM

29 USC 1755.

Sec. 465. The Secretary is authorized to establish and carry out a nationwide computerized job bank and matching program (including the listing of all suitable employment openings with local offices of the State employment service agencies by Federal contractors and subcontractors and providing for the affirmative action as required by section 2012(a) of title 38, United States Code, on a regional, State, and local basis, using electronic data processing and telecommunications systems to the maximum extent possible for the purpose of identifying sources of available individuals and job vacancies, providing an expeditious means of matching the qualifications of unemployed, underemployed, and economically disadvantaged individuals with employer requirements and job opportunities, and referring and placing such individuals in jobs. An occupational information file may be developed, containing occupational projections of the numbers and types of jobs on regional, State, local, and other appropriate bases, as well as labor supply information by occupation.

Part F—National Commission for Employment Policy

STATEMENT OF PURPOSE

29 USC 1771.

SEC. 471. The purpose of this part is to establish a National Commission for Employment Policy which shall have the responsibility for examining broad issues of development, coordination, and administration of employment and training programs, and for advising the President and the Congress on national employment and training issues. For the purpose of providing funds for the Commission, the Secretary shall reserve $2,000,000 of the sums appropriated for this title for each fiscal year.

COMMISSION ESTABLISHED

29 USC 1772.

Membership.

SEC. 472. (a) There is established a National Commission for Employment Policy (hereinafter in this part referred to as the "Commission"). The Commission shall be composed of 15 members, appointed by the President. The members of the Commission shall be individuals who are nationally prominent and the Commission shall be broadly representative of agriculture, business, labor, commerce, education (including elementary, secondary, postsecondary, and vocational and technical education), veterans, current State and local elected officials, community-based organizations, assistance programs, and members of the general public with expertise in human resource development or employment and training policy. One of the members shall be a representative of the National Advisory Council on Vocational Education (established under section 162 of the Vocational Education Act of 1963). The membership of the Commission shall be generally representative of significant segments of the labor force, including women and minority groups.

20 USC 2392.

Term of Office.

(b) The term of office of each member of the Commission appointed by the President under subsection (a) shall be three years, except that—

(1) any such member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed, and

(2) of such members first taking office—

(A) five shall serve for terms of one year;

(B) five shall serve for terms of two years; and

(C) five shall serve for terms of three years;

as designated by the President at the time of appointment.

(c)(1) The Chairman shall be selected by the President.

Meetings.

(2) The Commission shall meet not fewer than three times each year at the call of the Chairman.

(3) A majority of the members of the Commission shall constitute a quorum, but a lesser number may conduct hearings. Any recommendation may be passed only by a majority of the members present. Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

(d) The Chairman (with the concurrence of the Commission) shall appoint a Director, who shall be chief executive officer of the Commission and shall perform such duties as are prescribed by the Chairman.

FUNCTIONS OF THE COMMISSION

29 USC 1773.

SEC. 473. The Commission shall—

(1) identify the employment goals and needs of the Nation, and assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity programs, public assistance policies, employment-related tax policies, labor exchange policies, and other policies and programs under this Act and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals;

(2) develop and make appropriate recommendations designed to meet the needs and goals described in clause (1);

(3) examine and evaluate the effectiveness of federally assisted employment and training programs (including programs assisted under this Act), with particular reference to the contributions of such programs to the achievement of objectives sought by the recommendations made under clause (2);

(4) advise the Secretary on the development of national performance standards and the parameters of variations of such standards for programs conducted pursuant to this Act;

(5) evaluate the impact of tax policies on employment and training opportunities;

(6) examine and evaluate major Federal programs which are intended to, or potentially could, contribute to achieving major objectives of existing employment and training and related legislation or the objectives set forth in the recommendations of the Commission, and particular attention shall be given to the programs which are designed, or could be designed, to develop information and knowledge about employment and training problems through research and demonstration projects or to train personnel in fields (such as occupational counseling, guidance, and placement) which are vital to the success of employment and training programs;

(7)(A) identify, after consultation with the National Advisory Council on Vocational Education, the employment and training and vocational education needs of the Nation and assess the extent to which employment and training, vocational education, rehabilitation, and other programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs; and

Reports.

(B) comment, at least once annually, on the reports of the National Advisory Council on Vocational Education, which comments shall be included in one of the reports submitted by the National Commission pursuant to this title and in one of the reports submitted by the National Advisory Council on Vocational Education pursuant to section 162 of the Vocational Education Act of 1963;

20 USC 2392.
Recommendations.

(8) study and make recommendations on how, through policies and actions in the public and private sectors, the Nation can attain and maintain full employment, with special emphasis on the employment difficulties faced by the segments of the labor force that experience differentially high rates of unemployment;

(9) identify and assess the goals and needs of the Nation with respect to economic growth and work improvements, including conditions of employment, organizational effectiveness and effi-

ciency, alternative working arrangements, and technological changes;

(10) evaluate the effectiveness of training provided with Federal funds in meeting emerging skill needs; and

(11) study and make recommendations on the use of advanced technology in the management and delivery of services and activities conducted under this Act.

Recommendations.

ADMINISTRATIVE PROVISIONS

29 USC 1774.

SEC. 474. (a) Subject to such rules and regulations as may be adopted by the Commission, the Chairman is authorized to—

(1) prescribe such rules and regulations as may be necessary;

Regulations.

(2) appoint and fix the compensation of such staff personnel as the Chairman deems necessary, and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and the General Schedule pay rates, appoint not to exceed five additional professional personnel;

5 USC 5101 *et seq.*, 5331.

(3) procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code;

(4) accept voluntary and uncompensated services of professional personnel, consultants, and experts, notwithstanding any other provision of law;

(5) accept in the name of the United States and employ or dispose of gifts or bequests to carry out the functions of the Commission under this title;

(6) enter into contracts and make such other arrangements and modifications, as may be necessary;

(7) conduct such studies, hearings, research activities, demonstration projects, and other similar activities as the Commission deems necessary to enable the Commission to carry out its functions under this title;

(8) use the services, personnel, facilities, and information of any department, agency, and instrumentality of the executive branch of the Federal Government and the services, personnel, facilities, and information of State and local public agencies and private research agencies, with the consent of such agencies, with or without reimbursement therefor; and

(9) make advances, progress, and other payments necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529).

(b) Upon request made by the Chairman of the Commission, each department, agency, and instrumentality of the executive branch of the Federal Government is authorized and directed to make its services, personnel, facilities, and information (including computer-time, estimates, and statistics) available to the greatest practicable extent to the Commission in the performance of its functions under this Act.

REPORTS

29 USC 1775.

SEC. 475. The Commission shall make at least annually a report of its findings and recommendations to the President and to the Congress. The Commission may make such interim reports or recommendations to the Congress, the President, the Secretary, or to the heads of other Federal departments and agencies, and in such form, as it may deem desirable. The Commission shall include in any report made under this section any minority or dissenting views submitted by any member of the Commission.

PART G—TRAINING TO FULFILL AFFIRMATIVE ACTION OBLIGATIONS

AFFIRMATIVE ACTION

29 USC 1781. 3 CFR 1964-1965 Comp., p. 339.

SEC. 481. (a) A contractor subject to the affirmative action obligations of Executive Order 11246, as amended, issued September 24, 1965, may establish or participate in training programs pursuant to this section for individuals meeting the eligibility criteria established in sections 203(a)(1), 401, and 402, which are designed to assist such contractors in meeting the affirmative action obligations of such Executive order. To qualify under this section, such a training program shall contain—

(1) a description of the jobs in the contractor's work force or in the service delivery area, for which the contractor has determined there is a need for training;

(2) a description of the recruiting, training, or other functions that the contractor, or the organization that will be engaged to perform the training, will perform and the steps that will be taken to insure that eligible individuals will—

(A) be selected for participation in training,

(B) be trained in necessary skills, and

(C) be referred for job openings,

in accordance with the objectives of such Executive order;

(3) whenever an organization other than the contractor will perform the training, a description of the demonstrated effectiveness of the organization as a provider of employment and training services;

(4) a description of how the contractor will monitor the program to keep an accurate accounting of all trainees, including (A) whether the trainees successfully complete the training program, and (B) whether the trainees are or are not placed; and

(5) an estimation of the cost of the program and an assurance that the contractor will assume all costs of the program or the pro rata share of costs to the contractor of the program.

(b)(1)(A) If the training proposal is designed to meet the needs of the community rather than, or in addition to, the employment needs of the contractor, and has not been approved by another Federal agency, the program shall be submitted to the private industry council established under section 102 for a determination that there is a need for such training in the community.

(B) Individuals trained under any program satisfying the requirements of this section may be included by the private industry council in its performance accomplishments and the wage gains of such individuals shall be included in determining the compliance of the job training program of the private industry council with applicable standards.

Regulations.

(2) The Director of the Office of Federal Contract Compliance Programs, Department of Labor, shall promulgate regulations setting forth how the Office will determine, during a compliance review, the degree to which a training program will satisfy the

Compliance review.

contractor's affirmative action obligations. The training and placement of trainees with employers other than the contractor may be considered in evaluating such contractor's overall good faith efforts, but in no event may placement of trainees with employers other than the contractor be permitted to affect that contractor's affirmative action obligations respecting its work force. The content of the training program will not be subject to review or regulation by the Office of Federal Contract Compliance Programs. If during a compliance review the Director of the Office of Federal Contract Compliance Programs determines that a training program does not comply with its regulations, the Director shall—

(A) notify the contractor of the disapproval,

(B) set forth the reasons for the disapproval, and

(C) provide a list of recommendations which, if accepted, will qualify the training program under this section.

3 CFR, 1964-1965 Comp., p. 339.

"Successful performance or operation."

(3) A contractor who has a training program which contains the criteria set forth in subsection (a) and which is in accordance with regulations promulgated under paragraph (2) of this subsection shall continue to meet the affirmative action obligations of Executive Order 11246, as amended, but the contractors required to maintain a written affirmative action program need only maintain an abbreviated affirmative action program, the content and length of which shall be determined by the Director of the Office of Federal Contract Compliance Programs, to satisfy the written affirmative action program portion of their obligations under Executive Order 11246, as amended. Successful performance or operation of a training program meeting the criteria set forth in subsection (a) shall create a presumption that the contractor has made a good faith effort to meet its affirmative action obligations to the degree specified by the Director under paragraph (2) of this subsection, but that presumption shall not be applicable to the satisfaction of other affirmative action obligations not directly related to the training and hiring requirements of this section, or other affirmative action obligations not affected by this section. For the purpose of the preceding sentence, "successful performance or operation" means training and placing in jobs a number of individuals which bears a reasonable relationship to the number of job openings in the contractors's facilities or in the relevant labor market area.

(c) Nothing in this section may be interpreted—

(1) to compel contractor involvement in such programs,

(2) to establish the exclusive criteria by which a contractor can be found to have fulfilled its affirmative action obligations,

(3) to provide authority for imposing any additional obligations on contractors not participating in such training activities,

(4) to permit the Office of Federal Contract Compliance Programs to intervene or interfere with the authority and responsibilities of the private industry councils,

3 CFR,1964-1965 Comp., p. 339.

(5) to restrict or limit the authority of the Secretary to investigate the employment practices of any Government contractor, to initiate such investigation by the Director, to determine whether any nondiscrimination contractual provisions have been violated, or to enforce Executive Order 11246, or

(6) to prohibit the Secretary or the Director, or other authorized officers of the United States, from requesting or compelling any contractor preparing and maintaining a short form affirmative action plan under subsection (b) to provide information necessary to conduct a compliance review or to provide data

3 CFR, 1964-1965 Comp., p. 339.

necessary to determine whether any violation of Executive Order 11246 has occurred.

TITLE V—MISCELLANEOUS PROVISIONS

AMENDMENTS TO THE WAGNER-PEYSER ACT

SEC. 501. (a) The Act of June 6, 1933, known as the Wagner-Peyser Act (29 U.S.C. 49 et seq.), is amended by striking out all that precedes section 4 of such Act and inserting in lieu thereof the following:

29 USC 49.

"SECTION 1. In order to promote the establishment and maintenance of a national system of public employment offices, the United States Employment Service shall be established and maintained within the Department of Labor.

Definitions. 29 USC 49a.

"SEC. 2. For purposes of this Act—

Ante, p. 1322.

"(1) the term 'chief elected official or officials' has the same meaning given that term under the Job Training Partnership Act;

"(2) the term 'private industry council' has the same meaning given that term under the Job Training Partnership Act;

"(3) the term 'Secretary' means the Secretary of Labor;

"(4) the term 'service delivery area' has the same meaning given that term under the Job Training Partnership Act; and

"(5) the term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

29 USC 49b.

"SEC. 3. (a) The United States Employment Service shall assist in coordinating the State public employment services throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the States.

42 USC 601. 42 USC 651.

"(b) It shall be the duty of the Secretary of Labor to assure that unemployment insurance and employment service offices in each State, as appropriate, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor.".

29 USC 49d.

(b) Section 5 of such Act is amended by striking out subsection (b) and inserting in lieu thereof the following new subsections:

"(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which—

"(1) except in the case of Guam, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended, 26 USC 3311. 42 USC 503.

"(2) is found to have coordinated the public employment services with the provision of unemployment insurance claimant services, and

"(3) is found to be in compliance with this Act,

such amounts as the Secretary determines to be necessary for allotment in accordance with section 6.

"(c)(1) Beginning with fiscal year 1985 and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made. Appropriation availability.

"(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

"(3)(A) Appropriations for fiscal year 1984 shall be available both to fund activities for the period between October 1, 1983, and July 1, 1984, and for the program year beginning July 1, 1984. Appropriation availability.

"(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.". Appropriation authorization.

(c) Such Act is amended by adding at the end of section 5 the following new sections:

"Sec. 6. (a) From the amounts appropriated pursuant to section 5 for each fiscal year, the Secretary shall first allot to Guam and the Virgin Islands an amount which, in relation to the total amount available for the fiscal year, is equal to the allotment percentage which each received of amounts available under this Act in fiscal year 1983. Allotments. 29 USC 49e.

"(b)(1) Subject to paragraphs (2), (3), and (4) of this subsection, the Secretary shall allot the remainder of the sums appropriated and certified pursuant to section 5 of this Act for each fiscal year among the States as follows:

"(A) two-thirds of such sums shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States; and

"(B) one-third of such sums shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor.

"(2) No State's allotment under this section for any fiscal year shall be less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary shall determine the allotment percentage for each State (including Guam and the Virgin Islands) for fiscal year 1984 which is the percentage that the State received under this Act for fiscal year 1983 of the total amounts available for payments to all States for such fiscal year. For each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received under this Act for the preceding fiscal year of the total amounts available for allotments for all States for such fiscal year.

"(3) For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) which is less than 0.28 percent of the total amount available for allotments for all States.

"(4) The Secretary shall reserve such amount, not to exceed 3 percent of the sums available for allotments under this section for each fiscal year, as shall be necessary to assure that each State will have a total allotment under this section sufficient to provide staff and other resources necessary to carry out employment service activities and related administrative and support functions on a statewide basis.

Planning estimates.

"(5) The Secretary shall, not later than March 15 of fiscal year 1983 and each succeeding fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each such fiscal year, provide final planning estimates, showing each State's projected allocation for the following year.

29 USC 49f.

"SEC. 7. (a) Ninety percent of the sums allotted to each State pursuant to section 6 may be used—

"(1) for job search and placement services to job seekers including counseling, testing, occupational and labor market information, assessment, and referral to employers;

"(2) for appropriate recruitment services and special technical services for employers; and

"(3) for any of the following activities:

"(A) evaluation of programs;

"(B) developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;

"(C) providing services for workers who have received notice of permanent layoff or impending layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures;

"(D) developing and providing labor market and occupational information;

"(E) developing a management information system and compiling and analyzing reports therefrom; and

"(F) administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants.

"(b) Ten percent of the sums allotted to each State pursuant to section 6 shall be reserved for use in accordance with this subsection by the Governor of each such State to provide—

"(1) performance incentives for public employment service offices and programs, consistent with performance standards established by the Secretary, taking into account direct or indirect placements (including those resulting from self-directed job search or group job search activities assisted by such offices or programs), wages on entered employment, retention, and other appropriate factors;

"(2) services for groups with special needs, carried out pursuant to joint agreements between the employment service and the appropriate private industry council and chief elected official or officials or other public agencies or private nonprofit organizations; and

"(3) the extra costs of exemplary models for delivering services of the types described in subsection (a).

"(c) In addition to the services and activities otherwise authorized by this Act, the United States Employment Service or any State agency designated under this Act may perform such other services and activities as shall be specified in contracts for payment or reimbursement of the costs thereof made with the Secretary of Labor or with any Federal, State, or local public agency, or administrative entity under the Job Training Partnership Act, or private nonprofit organization.".

Ante, p. 1322.

Plans.
29 USC 49g.

(d) Section 8 of such Act is amended—

(1) by striking out "Director" each place it appears and inserting in lieu thereof "Secretary of Labor";

(2) by designating the first sentence thereof as subsection (a);

(3) by designating the second and third sentences thereof as subsection (d);

(4) by designating the fourth sentence thereof as subsection (e); and

(5) by inserting after subsection (a) as amended by clause (1) of this subsection the following subsections:

"(b) Prior to submission of such plans to the Secretary—

"(1) the employment service shall develop jointly with each appropriate private industry council and chief elected official or officials for the service delivery area (designated under the Job Training Partnership Act) those components of such plans applicable to such area;

"(2) such plans shall be developed taking into consideration proposals developed jointly by the appropriate private industry council and chief elected official or officials in the service delivery area affected;

"(3) such plans shall be transmitted to the State job training coordinating council (established under such Act) which shall certify such plans if it determines (A) that the components of such plans have been jointly agreed to by the employment service and appropriate private industry council and chief elected official or officials; and (B) that such plans are consistent with the Governor's coordination and special services plan under the Job Training Partnership Act;

"(4) if the State job training coordinating council does not certify that such plans meet the requirements of clauses (A) and (B) of paragraph (3), such plans shall be returned to the employment service for a period of thirty days for it to consider, jointly with the appropriate private industry council and chief elected official or officials, the council's recommendations for modifying such plans; and

"(5) if the employment service and the appropriate private industry council and chief elected official or officials fail to reach agreement upon such components of such plans to be submitted finally to the Secretary, such plans submitted by the State agency shall be accompanied by such proposed modifications as may be recommended by any appropriate disagreeing private industry council and chief elected official or officials affected, and the State job training coordinating council shall transmit to the Secretary its recommendations for resolution thereof.

Review.

"(c) The Governor of the State shall be afforded the opportunity to review and transmit to the Secretary proposed modifications of such plans submitted.";

29 USC 49h.

(e) Section 9 of such Act is amended to read as follows:

"Sec. 9. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

Audit.

"(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

"(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.

Report to Congress.

"(b)(1) The Comptroller General of the United States shall evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct evaluations whenever determined necessary and shall periodically report to the Congress on the findings of such evaluations.

"(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

Information availability.

"(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

Funds, repayment.

"(c) Each State shall repay to the United States amounts found not to have been expended in accordance with this Act. No such finding shall be made except after notice and opportunity for a fair hearing. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act.".

29 USC 49i.

(f) Section 10 of such Act is amended to read as follows:

"Sec. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

Investigations.

"(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

"(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct investigations of the use of funds received by States under this Act.

"(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

"(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request new compilation of information not readily available to such State.

"(c) Each State receiving funds under this Act shall—

"(1) make such reports concerning its operations and expenditures in such form and containing such information as shall be prescribed by the Secretary, and

"(2) establish and maintain a management information system in accordance with guidelines established by the Secretary designed to facilitate the compilation and analysis of programmatic and financial data necessary for reporting, monitoring, and evaluating purposes.".

(g) Section 11(a) of such Act is amended by adding at the end thereof the following new sentence: "Nothing in this section shall be construed to prohibit the Governor from carrying out functions of such State advisory council through the State job training coordinating council in accordance with section 122(c) of the Job Training Partnership Act.". Restrictions. 29 USC 49j. *Ante*, p. 1339.

(h) Such Act is amended by adding at the end thereof the following new sections:

"Sec. 13. (a) The Secretary is authorized to establish performance standards for activities under this Act which shall take into account the differences in priorities reflected in State plans. Performance standards. 29 USC 49l

"(b) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee. Restrictions.

"Sec. 14. There are authorized to be appropriated such sums as may be necessary to enable the Secretary to provide funds through reimburseable agreements with the States to operate statistical programs which are essential for development of estimates of the gross national product and other national statistical series, including those related to employment and unemployment. Appropriation authorization. 29 USC 49l-1.

"Sec. 15. This Act may be cited as the 'Wagner-Peyser Act'.". 29 USC 49 note

AMENDMENTS TO PART C OF TITLE IV OF THE SOCIAL SECURITY ACT

Sec. 502. (a) Section 432(d) of the Social Security Act is amended to read as follows: 42 USC 632.

"(d) In providing the training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor (1) shall assure, when appropriate, that registrants under this part are referred for training and employment services under the Job Training Partnership Act, and (2) may use the funds appropriated under this part to provide programs required by this part through such other Acts to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to individuals under this part to the extent that such services and opportunities are not otherwise available on a nonreimbursable basis.". *Ante*, p. 1322.

(b)(1) Section 432(f) of such Act is amended— 42 USC 632.

(A) by amending paragraph (1) to read as follows:

"(f)(1) The Secretary of Labor shall utilize the services of each private industry council (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the service delivery area of such council.";

Ante, p. 1322.

(B) by striking out paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) by striking out "Labor Market Advisory Council" in such paragraph and inserting in lieu thereof "private industry council".

42 USC 633.

(2) Section 433(b)(2) of such Act is amended by striking out "Labor Market Advisory Council (established pursuant to section 432(f))" and inserting in lieu thereof "private industry council under the Job Training Partnership Act".

42 USC 632.

(c)(1) Section 432(b)(1)(A) of such Act is amended by inserting before the comma at the end thereof the following: ", which may include intensive job search services, including participation in group job search activities".

42 USC 633.

(2) Section 433(a) of such Act is amended by striking out "unemployed fathers" and inserting in lieu thereof "unemployed parents who are the principal earners (as defined in section 407)".

(3) Section 433 of such Act is amended by adding at the end thereof the following new subsection:

"(i) In planning for activities under this section, the chief executive officer of each State shall make every effort to coordinate such activities with activities provided by the appropriate private industry council and chief elected official or officials under the Job Training Partnership Act.".

EARNINGS DISREGARD

95 Stat. 843.
42 USC 602.

SEC. 503. (a) Section 402(a)(8)(A) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (iii);

(2) in clause (iv), by striking out "already disregarded under the preceding provisions of this paragraph" and inserting in lieu thereof "disregarded under any other clause of this subparagraph"; and

(3) by adding at the end thereof the following new clause:

"(v) may disregard the income of any dependent child applying for or receiving aid to families with dependent children which is derived from a program carried out under the Job Training Partnership Act (as originally enacted), but only in such amounts, and for such period of time (not to exceed six months with respect to earned income) as the Secretary may provide in regulations; and".

95 Stat. 845.
42 USC 602.

(b) Section 402(a)(18) of such Act is amended by inserting ", other than paragraph (8)(A)(v)" after "without application of paragraph (8)".

ENFORCEMENT OF MILITARY SELECTIVE SERVICE ACT

SEC. 504. The Secretary shall insure that each individual participating in any program established under this Act, or receiving any assistance or benefit under this Act, has not violated section 3 of the Military Selective Service Act (50 U.S.C. App. 453) by not presenting and submitting to registration as required pursuant to such section. The Director of the Selective Service System shall cooperate with the Secretary in carrying out this section. 29 USC 1504.

Approved October 13, 1982.

LEGISLATIVE HISTORY—S. 2036 (H.R. 5320)

HOUSE REPORTS: No. 97-537 accompanying H.R. 5320 (Comm. on Education and Labor), No. 97-889 (Comm. of Conference).
SENATE REPORT No. 97-469 (Comm. on Labor and Human Resources).
CONGRESSIONAL RECORD, Vol. 128 (1982):
  July 1, considered and passed Senate.
  Aug. 4, H.R. 5320 considered and passed Senate; S. 2036, amended, passed in lieu.
  Sept. 30, Senate agreed to conference report.
  Oct. 1, House agreed to conference report.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 18, No. 41 (1982):
  Oct. 13, Presidential statement.

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END

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